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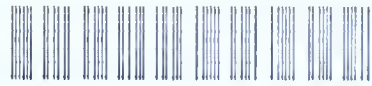
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COMMONWEALTH

of PENNSYLVANIA

The Governor's Review – 1972





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COMMONWEALTH

of PENNSYLVANIA

The Governor's Review of Government Management - 1972



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**Governor's Review of
Government Management, Inc.**

**308 Main Capitol Building
Harrisburg, Pennsylvania 17120
(717) 787-1303**

James M. Wallace, Chairman
George A. Butler, Vice Chairman
Bruce C. Lindsay, President
George L. Morrison, Jr., Fund Chairman
Robert M. Wachob, Manpower Chairman

March 1972

The Honorable Milton J. Shapp
Governor of Pennsylvania
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17122

Dear Governor Shapp:

The report which follows is the culmination of a study requested by you and undertaken by 85 Pennsylvania executives who formed the Governor's Management Review Task Force. It is the opinion of this task force that, given time and the wholehearted cooperation of the Legislature and the commonwealth's employees, the result should be a reduction in the cost of state government operations of at least \$276-million per year. In addition, there will be a decrease in federal costs of \$46.5-million annually and in local government expenditures of \$33-million per year with no loss of vital public services.

As encouraging as this sounds, we would caution against simplistic conclusions which envision instant and massive cost reductions. Not all of the savings are immediately attainable and some, upon further study, may prove unfeasible. Therefore, the figures already quoted represent only 50% of the savings claimed in this report. Still, it is our belief that 10% to 15% of the recommendations made can be implemented by the end of 1972. We also expect that approximately two-thirds of the proposals can be achieved on a long-range basis. Many of the suggestions can be implemented by executive order. Some steps have already been taken in several departments to put various recommendations into effect. A number of the proposals can only be implemented by the Legislature while others require a change of policy encompassing both executive and legislative action.

All of the members of this study wish to express their appreciation of the cooperation received from the representatives of state government with whom we worked. Their competence, enthusiasm, and spirit of cooperation were invaluable. In fact, a number of the recommendations in this report are the result of suggestions made by commonwealth employees.

We also wish to thank you as well as our corporations for allowing us to be associated with this important project. We trust that our efforts will be of lasting benefit to the citizens of Pennsylvania.

FOR THE MEMBERS OF THE
GOVERNOR'S REVIEW



J. M. WALLACE, CHAIRMAN

Executive Order

The purpose of establishing The Governor's Review of Government Management, Inc., is to enlist the assistance of business and professional leaders in Pennsylvania to help make state government more effective in its service to all Pennsylvanians and more efficient and economical in its operation.

Therefore, I order as follows:

1. There is hereby established The Governor's Review of Government Management, Inc. (hereinafter referred to as The Governor's Review).

2. The Governor's Review shall be comprised of outstanding business and professional leaders of Pennsylvania. The members shall be a Chairman, a Director of Finance, a Director of Manpower, and as many other persons as the bylaws of the corporation permit. All members shall serve without compensation.

3. The Governor's Review shall conduct a thorough study of the organization and functions of all administrative departments, independent administrative boards and commissions, and other state agencies.

4. The Governor's Review shall, at the conclusion of its study, recommend changes in the organization and functions of Pennsylvania's state government and its components, and shall draft proposed administrative orders, executive orders, legislation, and constitutional amendments as shall be useful in implementing such changes.

5. The Governor's Review shall have the authority to call upon the department heads of state government and state agencies for such information and assistance as is needed to carry out the intent of this order, and such department heads shall cooperate in all practicable ways.

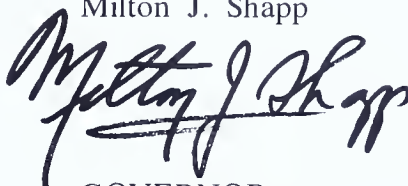
6. The entire cost of The Governor's Review shall be paid from funds raised on its behalf by the Chairman and the Director of Finance through solicitation of contributions from private donors.

7. As soon as may be possible, The Governor's Review shall incorporate as a non-profit corporation under the laws of Pennsylvania, and shall apply to the United States Treasury Department for a ruling by the Internal Revenue Service under Section 501 (c) (3) of the Internal Revenue Code.

8. To implement this order, the following persons are named as the initial directors and members of The Governor's Review, and will serve in the following positions:

Mr. James M. Wallace, Vice President, Westinghouse Electric Corporation, as Chairman and Mr. Robert M. Wachob, Director, Bell Telephone Company of Pennsylvania, as Director of Manpower.

Milton J. Shapp

A handwritten signature in black ink, appearing to read 'Milton J. Shapp', written over a horizontal line.

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Foreword

The purpose of this study, as authorized by Governor Milton J. Shapp, was to examine Executive Branch operations in Pennsylvania in order to pinpoint methods for improving services and reducing expenditures. The report, produced in response to an Executive Order dated August 2, 1971, is the result of more than 42,000 manhours of work by approximately 85 full-time business men and women provided to the commonwealth by the business community. Their employers paid salaries and living expenses during the 12-week study period for a contribution of more than \$1-million.

In addition, these and other business people are providing close to \$300,000 to pay for professional assistance from the consulting firm of Warren King and Associates of Chicago, office expenses, printing of the report and—most importantly—the continuing services of a member of the task force who will help implement our recommendations during the next two years. He stands ready to assist in any way possible, including recalling those members of the study teams who can render further assistance to government personnel in their efforts to put certain proposals into effect.

Methods used by the study teams were similar to those followed in other states and have resulted in more than 800 recommendations. If implementation is as effective in Pennsylvania as it has been elsewhere, at least two-thirds of the recommendations in this report will result in a saving to the taxpayers of the commonwealth.

To conduct this review, the task force was divided into eight study teams. Each was assigned a specific area of government operations. When unique knowledge was required — such as insurance, real estate management or data processing expertise — the skills of some 17 additional specialists were called upon. Team members, working in cooperation with state employees, studied the various departments, agencies, institutions, and activities of the Executive Branch. All of the recommendations were reviewed by an executive committee consisting of 16 team leaders and the study chairman. Financial calculations were made by qualified persons; in some cases, they were incumbents of the agency under review. An analysis of the potential savings is given to the right.

Annual amounts are those savings, revenues or costs which recur on a yearly basis. One-time savings are actually a reduction in investment while one-time income or costs represent nonrecurring amounts. Investment at 5% of monies realized on one-time savings and revenues have been included in the annual savings claimed.

ANALYSIS OF POTENTIAL SAVINGS

	State	Federal	Local	Total
Annual				
Savings	\$499,810,500	\$110,244,800	\$57,095,400	\$667,150,700
Income	98,911,600	—	10,062,300	108,973,900
Cost	(46,444,200)	(17,420,400)	(812,200)	(64,676,800)
Net Annual	\$552,277,900	\$ 92,824,400	\$66,345,500	\$711,447,800
One-Time				
Savings	\$168,454,800	—	—	\$168,454,800
Income	23,155,300	—	—	23,155,300
Cost	(106,406,600)	(447,000)	(36,100)	(106,889,700)
Net One-Time	\$ 85,203,500	(\$ 447,000)	(\$ 36,100)	\$ 84,720,400

In some reports, such as state-related colleges and pension fund management, the savings which have been claimed will accrue to the benefit of the organization. However, since these activities are supported, at least in part, by the government, there is a potential saving to the taxpayer through possible reductions in the amount of state funds required.

There are also instances where no saving is claimed. Many of these are suggestions to improve operating procedures. In others, the recommendation states that a certain amount might be saved, but because of the difficulty of determining an exact figure or implementation time, none was claimed by the study members. Much of the supporting detail has been omitted from the printed report. However, it is on file for the use of those government officials who will implement the suggestions made here.

The work of this study was made possible by the business community of the commonwealth. However, the recommendations are the product of men and women who are solely interested in better government. They are ready to give whatever assistance is needed to implement their proposals to those who are ultimately responsible for the operations of Pennsylvania's Executive Branch.

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SECTION I

General Government

The Governor's Review of Government Management – 1972



Governor's Executive Office

This office assists the Governor in discharging his responsibilities by handling special assignments and providing liaison with the departments, agencies, and commissions which form the Executive Branch.

CURRENT OPERATING METHODS

Five special assistants report to the Governor. Their respective responsibilities include public affairs, legislation, interstate relations and natural resources, human services, and fiscal and economic affairs. Three secretaries handle appointments, public relations and press activities, and placement of patronage personnel. A chief clerk performs a variety of clerical and filing operations.

Although an organizational pattern is still being developed, key points include accessibility to the Governor, direct contact with all facets of the commonwealth's government, and continuing liaison with the departments, agencies, and commissions of the Executive Branch. The special assistants operate informally and with a high degree of flexibility. A small office is maintained in Washington, D. C., for the purpose of obtaining federal funds to support programs within the commonwealth.

The Governor receives an allocation to cover direct operating expenses and entertainment costs for the Executive Mansion. Staffing and maintenance are handled by the Department of Property and Supplies. Protection is provided by the Pennsylvania State Police. The Human Relations Commission within the Governor's Office had a budget of more than \$1.48-million for fiscal 1972 and a staff of 93 with 27 vacancies. Its purpose is to administer state anti-discrimination laws and promote full and equal opportunity for citizens of the commonwealth.

APPRAISAL OF OPERATIONS

The physical arrangements of this office are a great handicap to efficiency. Problem areas include inad-

equate space and light, a lack of privacy, obsolete furniture, and outdated equipment causing inefficiencies and high costs. The absence of a designated chief among the special assistants weakens the staff's effectiveness and burdens the Governor with unnecessary details. In addition, there is no system for clearing matters promptly in his absence.

A major difficulty is the lack of systematic budget reviews to implement an effective program for financial management. The Governor meets every four to six weeks with his cabinet, but there appears to be no set schedule. Unfortunately, too much reliance is placed on smaller meetings concerning specific problems. The Human Relations Commission is overstaffed and evidence exists of duplicated functions among the commissioners.

RECOMMENDATIONS

1. Modernize the office layout and consolidate staff members on the executive and second floors of the Capitol Building.

Physical layout, lighting, equipment, and furnishings in the Governor's Executive Office should contribute to the efficiency of day-to-day activities. The present arrangement, which scatters segments of the office over three floors in crowded, obsolete quarters, seriously hampers effective operation. The one-time cost of improvement is estimated at \$75,000. Implementation will contribute greatly to improved performance and efficiency in this office.

2. Establish secretarial and clerical pools in the Governor's Executive Office.

There are presently 24 persons reporting to the chief clerk and an additional 10 secretarial and clerical employees in other positions within this office. The improved layout proposed elsewhere should make it possible to consolidate secretarial and clerical employees, reducing this staff by six for an estimated annual saving of \$42,000.

Office of Administration

This office provides staff assistance to the Governor and expedites operations of the Executive Branch. Functions include financial management, personnel

policy development, systems analysis and labor relations for all agencies, and centralized data processing activities.

CURRENT OPERATING METHODS

Five bureaus comprise the office which is headed by the Secretary of Administration who reports to the Governor. The Bureau of Financial Management maintains centralized control accounts, prepares general accounting statements and financial reports, and exercises functional control over comptrollers. The Bureau of Labor Relations plans, directs, and coordinates labor relations activities in all agencies under the Governor's jurisdiction and certain other departments. The Bureau of Personnel operates in four areas: classification and pay, fair employment, manpower planning, and training and development. The Bureau of Systems Analysis provides internal consulting services with regard to generalized organization and management studies as well as limited statistical and economic analyses. The Bureau of Management Information Systems provides centralized data processing services for agencies without their own equipment.

The Council for Human Services is under the direction of the Secretary of Administration who serves as chairman. Its purpose is to achieve better welfare and health services without wasteful duplication. The Governor's Cost Reduction Program, located in the Governor's Office and also reporting to this secretary has as its objective processing of voluntary employee suggestions with regard to cost control or service improvements.

APPRAISAL OF OPERATIONS

The effectiveness of the Office of Administration suffers because of a fragmentation of responsibilities, insufficient internal communication, scattered bureau and division locations, and inadequate management reporting procedures. Its purpose is to provide staff assistance, but this is being done on a minimal basis. While the Bureau of Financial Management has implemented an ambitious centralized accounting system, most of the financial reports it generates are never used. The effectiveness of the data processing operations is decreased by shared service and control responsibilities within the Bureau of Management Information Systems.

Through lack of direction and/or authority, the Bureau of Personnel has failed to establish centralized personnel records, manpower planning, executive inventory, coordinated recommendations for employee benefits, and a minimum number of job classifications. The Council for Human Services is not fulfilling its original assignment of interdepartmental coordination of health and welfare programs. The Governor's Cost Reduction Program suffers be-

cause agencies are not required to establish savings goals and there is no time limit specified for answering or adopting suggestions. The policy of not allowing a savings credit for staff reductions by an agency drastically reduces the value of this program. Safety suggestions are not currently included in cost reduction efforts.

RECOMMENDATIONS

1. Centralize payroll and accounts payable processing for the Departments of Education and Public Welfare.

Payroll and accounts payable processing for the Departments of Education and Public Welfare is done locally. Education employs 103 persons and Public Welfare 197 to handle this function. Documents sent to Harrisburg are checked for errors and corrections made by telephone. Organizing a central payroll and accounts payable section under the Bureau of Financial Management would require 35 employees for the Department of Education and 72 for the Department of Public Welfare at current work volumes. In addition, a field staff of 19 and 51 respectively would be needed, bringing the total employee count to 177. The proposed reduction of 123 positions will provide annual savings of \$713,000.

2. Use statistical sampling techniques instead of complete pre-audits of transaction documents.

At present, some 285 clerks engage in pre-auditing all transaction documents except payroll. Establishing a statistical sampling procedure would eliminate the necessity for this activity and produce an annual saving of \$1.03-million. The cost of evaluating each processing location by a public accounting firm would be \$10,000.

3. Pay invoices within 30 days.

Because the commonwealth is slow in paying its bills, suppliers load bid prices by approximately 2%. If the payments were made within 30 days, vendors could reduce their prices by this amount for an annual saving of almost \$1.6-million. The annual cost would be about \$300,000.

4. Restructure the Governor's Cost Reduction Program.

While the current program is producing some results, the award structure does not stimulate meaningful suggestions, awards or answers come too long after submissions, and required approvals tend to defeat the program's purpose. The following changes are needed to streamline and improve the suggestion system's effectiveness:

- ▶ Establish, consolidate, and publish cost reduction dollar goals for each department and agency on an annual basis.
- ▶ Distribute dollar goals versus achieved savings on a monthly basis to the Governor and all department heads.
- ▶ Allow savings credit for staff reductions.
- ▶ Award cash rather than government bonds and increase amounts for cost reduction ideas.
- ▶ Make payments when suggestion is accepted rather than implemented.
- ▶ Budget for all awards in the cost reduction program.
- ▶ Set a four-week maximum for answering or accepting suggestions and publish a list of open ideas by age to enforce compliance with this requirement.
- ▶ Pay \$15 for constructive suggestions regarding safety hazards.
- ▶ Abolish the point system now used to set award sizes and substitute potential savings as a base.
- ▶ Evaluate all ideas submitted and establish a formal program to check on implementation.

Implementation will cost \$57,500 per year. Annual savings are estimated at \$7.9-million.

5. Improve the line and staff controls within the Bureau of Management Information Systems.

Computer centers are extremely sensitive areas and certain controls should be present in any EDP operation. The following proposals are made regarding the Commonwealth Management Information Center (CMIC).

- ▶ Supplies should be removed from the work area and stored in a protected supply room.
- ▶ Greater internal control should be exercised over the entrance of unauthorized personnel into the center.
- ▶ Smoke detection devices should be tested to ensure their working order.
- ▶ No smoking signs should be enforced.
- ▶ Specific assignments and procedures should be drawn up for use in emergencies.
- ▶ Studies should be made of the cost to provide air conditioning and power supply backups.

- ▶ The counter entrance to the tape library should be replaced by a fire-retardant door and wall.
- ▶ Critical tape files for daily and weekly processing should be protected in existing tape vaults along with copies of processing manuals.
- ▶ Doors to the computer room and tape library should be locked when equipment is unattended.
- ▶ A trouble report system documenting causes for reruns should be established and controlled by the tape librarian.
- ▶ Tapes in sealers should not be stacked on top of each other.
- ▶ Formal control of program revisions should be implemented.
- ▶ Published documentation standards should be followed.
- ▶ Guidelines for indexing and retention of program listings and source decks should be developed and decks updated with all program changes.
- ▶ Results standards should be established to ensure uniform definitions.
- ▶ An internal system of checking computer billing accuracy is needed.
- ▶ Data captured via the management information system should be manipulated to produce meaningful administrative information.
- ▶ Quantity and quality measurements are needed for machines and support personnel.
- ▶ A formal audit responsibility should be created to review all existing controls.

6. Reduce the amount of nonproductive computer time.

Nonproductive computer time at the Commonwealth Management Information Center is about 17%. The comparable industry figure is about 3%. Use of a formal trouble report system, weekly machine performance reviews with vendors, daily operator efficiency checks, and scheduling preventive maintenance are techniques which should be used to reduce nonproductive hours to the industry level. No savings are claimed.

7. Use magnetic tape instead of cards for accounts payable processing.

The use of magnetic tape in this processing would provide an annual saving of \$3,600. The one-time cost to accomplish this would be \$500.

8. Eliminate the 70/60 computer and related equipment in the Bureau of Management Information Systems.

This computer was intended to handle the medical assistance reporting system for the Department of Public Welfare. The department has decided to adapt the program for its own computer. Implementation will provide an annual saving of \$361,000. There will be a one-time cost of \$10,000 and an annual cost of \$65,400.

9. Decentralize the CMIC payroll data reduction function.

Approximately 24 keypunch operators are needed at the CMIC to process the centralized payroll system. Transferring this operation to the four data communication terminals located in other departments would provide an annual saving of \$145,000 through staff reductions.

10. Reduce the number of paid holidays per year to 12.

At present, state employees receive 14 paid holidays per year. Employees of the U. S. Government are granted eight while industry usually recognizes eight or nine with a small percentage giving 10 days per year. Now that state pay scales are moving up, certain fringe benefits should be reduced. The potential annual increase in productivity would amount to more than \$6.4-million although this amount has not been claimed.

11. Revise the employee sick leave policy and improve the recordkeeping, administration, and control.

Plans to keep sick leave records on the Bureau of Management Information Systems computer should be implemented and a statewide summary report prepared as well as individual agency data on a regular basis. The report would be structured to highlight more common areas of abuse. To make it more effective, the current policy should be revised to cover sick leave only. Closer administration, review, and control of the sick leave policy can reduce the average time loss by a minimum of one day per employee per year. The resulting annual saving could be more than \$3.2-million but none is claimed.

12. Revise the employee vacation policy.

Reduction of employee vacation entitlement to five working days for up to one year of service will produce an annual saving of \$2.1-million. Adoption of a six-month waiting period before vacation entitlement begins will produce additional savings of \$137,000 per year.

13. Negotiate a cost-plus plan for health, surgical, and major medical insurance subject to a maximum premium based on current rates.

Under present rating systems, the commonwealth pays an administrative charge of 5% for health, 12% for surgical, and 15% for major medical coverage. If the experience is good, no premium is returned, but there is no additional payment if it is poor. A cost-plus plan, based on prior experience, would provide an estimated annual saving of more than \$1.9-million.

14. Require Blue Cross to submit a quarterly utilization report for Blue Cross, Blue Shield, and major medical insurance.

At present, the commonwealth can maintain no control over the medical insurance program because it does not even receive annual reports. Such information would enable officials to review experience in preparation for contract renewals. The reports should be broken down by agency to show premium payments, hospital benefits, hospital payments, and number of premium payments, claims, and claim payments. It should also include administrative expenses for handling coverage and reserves.

15. Require a three-month waiting period before employees become eligible for medical insurance coverage.

The commonwealth pays the total cost of medical coverage for new employees immediately. In 1970, 8,438 persons terminated employment in less than 90 days. Most industries provide a waiting period for benefits to cover such cases. Implementation would provide an annual saving of \$654,000.

16. Institute comprehensive pre-employment physical examinations.

Implementing this proposal would have the following advantages:

- ▶ Assurance of new employees who are physically able to perform assigned duties.
- ▶ Fewer absences for sickness.
- ▶ Potential reduction in hospital and group life insurance rates.
- ▶ Limited protection to the commonwealth for claims resulting from pre-existing conditions.

17. Develop a coordinated employee compensation program.

State employees should receive pay and benefits comparable with industry. A task force should be appointed by the Governor to develop a coordinated benefit program including official objectives and

specific plans. The cost of such a study is estimated at \$30,000.

18. Eliminate the Council for Human Services.

The council was established to coordinate health and welfare services. It has not met during 1971. The council has initiated the Pennsylvania Program

to Advance Veterans Education. Its value is questionable and the program should be evaluated. If retained, the administration should be transferred to the Department of Education. Eliminating the council will provide annual savings to the commonwealth of \$110,000 as well as federal saving of \$280,000 per year.

Office of the Budget

This office is responsible for preparing the Governor's budget and assisting in implementation of the commonwealth's Planning/Programming/Budgeting System (PPBS). It is composed of the Budget Analysis, Program Audit, and Planning and Program Divisions.

CURRENT OPERATING METHODS

Budget Analysis reviews budget and program revision requests in terms of available resources. Program Audit examines performance with regard to predicted results and collects data on a limited number of past program achievements. Planning and Program is set up to draft the Governor's annual program policy guidelines, review agency plans and program revision requests, assemble an overall program plan, and modify procedures to make the budgeting process more effective.

APPRAISAL OF OPERATIONS

The current method of budgeting is not effective and many problems must be resolved. Difficulties include:

- ▶ There is a lack of concise written procedures in this office.
- ▶ Budget preparation of PPBS at the department level is ineffective.
- ▶ The program policy guidelines do not adequately convey the Governor's goals and objectives to departments and agencies.
- ▶ The Office of the Budget cannot process requests efficiently because of errors made by agencies.
- ▶ Administration of this office needs improvement and program evaluations completed by the Program Audit Division are too few to be meaningful.

- ▶ The annual review of budget requests is ineffective in preventing program duplications.

RECOMMENDATIONS

1. Revise the content and publication schedule of the Program Planning Guide to provide the Governor with an effective leadership tool.

The guide is intended to present the Governor's program priorities and areas of concern in sufficient time for departments and agencies to take its information into consideration when planning for the next budget year. In its present format, the guide does not accomplish this function.

This guide should be much more specific. It should be prepared by the Office of the Budget in close collaboration with the Governor, his special assistants, and the Office of Economic and State Planning to ensure that it accurately reflects his priorities in clearly defined terms. The publication schedule should be adhered to so that it will be issued in the spring and all agency program plans should be reassessed in light of the guide.

2. Document budget procedures.

Attempts have been made to document these procedures, but none have been completely successful. A workable replacement budgeting system is needed with proper staff training, complete documentation, and strong leadership to provide sufficient control. Division of responsibilities, required action, and budget procedures within the Office of the Budget should also be thoroughly explained. The one-time cost is estimated at \$25,000.

3. Schedule, administer, and report on all budget cycle events.

Events in the yearly budget cycle should be incorporated into an overall plan with a schedule for each phase. The schedule should include:

- Publication and distribution of the Program Planning Guide.
- Distribution of budget request forms.
- Complete budget for each agency to be returned to the Office of the Budget.
- Preliminary review of each budget by an analyst in the Office of the Budget and agency budget personnel.
- Review by the agency department head and the Secretary of the Budget.
- Final review by Governor and Office of the Budget.
- Submission to the Legislature.

4. Institute a program overview to prevent duplication.

The Office of Economic and State Planning should have joint responsibility with the Office of the Budget

to prevent program duplication through a systematic approach to program review. The review would precede any funding of new projects and would include examination of existing programs. No savings are claimed.

5. Relocate the program audit function and increase the staff.

Program audits should be transferred from the Office of the Budget to the Office of Administration or the Governor's staff and the personnel increased to 20 so that each program can be audited every four years. The annual cost is estimated at \$160,000.

6. Increase the limit for interim borrowing against tax receipts.

The current limit is 20%. An increase to 30% of anticipated revenues under authorized taxes would provide a sounder basis for budgeting and financial administration while still maintaining a conservative level.

State Civil Service Commission

The commission's primary responsibility is to provide a merit system for state employees covered by the Civil Service Act of 1941 and its subsequent amendments. It acts as a central personnel department for all such employees providing appointments and promotions on the basis of merit and fitness.

CURRENT OPERATING METHODS

There are three commissioners appointed by the Governor with the advice and consent of the Senate. They meet at least once a month to provide direction for the administration and policies of the commission. Of the state's estimated 110,000 employees, some 70,000 are covered by the Civil Service Act.

The staff of the commission is divided into six major areas. The Bureau of Administrative Services is responsible for fiscal, personnel, office service, management method, and budget functions. The Bureau of Recruitment plans and coordinates state-wide recruitment programs, conducts tests, and works with the Office of Administration in the Governor's Office in regard to manpower planning. The Bureau of Certification maintains employment, promotion, and reemployment lists. It also certifies eligible candidates and payrolls and reviews documents related to covered personnel. The Bureau of

Examinations develops and administers the examination program, conducts research in personnel selection, and verifies application data. The Bureau of Data Processing performs clerical machine processing of examination applications, scores, eligibility lists, and result notifications. The Training Division assigns covered employees to training programs which it operates. The branch offices provide area recruitment and daily examinations.

APPRAISAL OF OPERATIONS

The commission is not administering the merit system effectively. Too much of the commissioners' time is devoted to hearing employee appeals. This, combined with outmoded rules and regulations, causes considerable inflexibility in the civil service program. As a consequence, there have been long delays and ineffective responses to changing employment conditions.

The commission cannot operate efficiently under the present system of divided personnel administration which exists in the commonwealth. It has led to duplication and proliferation of records and equipment, underutilization of computer applications, overlapping functions, and inefficient reporting structures. With the rapid expansion in the number of

civil service positions, the basic function of the Bureau of Examinations has become increasingly complex, resulting in excessive delays in filling vacant classified positions. In some cases, this has resulted in a loss of income for federally funded jobs. The training program is not fully effective. In part, this is due to a lack of information and meaningful coordination with the agencies and the Bureau of Personnel. Budgeting and funding procedures are cumbersome and costly.

RECOMMENDATIONS

1. Modernize the Civil Service Act and Rules.

The major part of the Civil Service Act and Rules was established in 1941 to cover a work force which had only reached 14,000 by 1956. Employment conditions and the number of civil service employees have changed greatly. If the basic concept of a merit system is to meet the challenges now faced, the minute detail of the present law must be replaced with broader definitions to cover key points.

2. Modify the functions and duties of the three commissioners.

Administrative and operating responsibilities for the merit system should be placed in a centralized personnel department. With the removal of these duties, the remaining function of the commissioners should be to adjudicate civil service employee grievances.

3. Change the work and procedures of the Bureau of Examinations.

Eliminating delays in testing civil service employees in federally funded agencies will avoid the necessity of keeping such persons in a provisional status for longer than six months and will increase federal reimbursement funds by \$4.5-million annually. Changes required to implement this proposal will include:

- ▶ Broader examinations should be developed to reduce the number of job title tests required.
- ▶ The bureau should expedite its plans to mechanize examination preparation.
- ▶ Cooperative test administration principles should be extended to design, preparation, and proofing activities.
- ▶ Test centers should be developed on an as-needed basis to help the bureau keep up with its work load.
- ▶ A portion of the professional staff should be reassigned to expand the Research and Special Projects Division.

- ▶ Examination notices should be posted without pre-established test dates.
- ▶ Sample techniques should be used to test applicants with specific abilities.
- ▶ Computer analysis and correlation of examination questions should be extended to improve test validation techniques.
- ▶ Oral and background appraisal test use should be expanded.

The estimated one-time cost of implementation is \$40,000. The annual income to the commonwealth would be \$4.5-million. This would become an annual federal cost.

4. Reorganize the Bureau of Data Processing and redefine its mission.

Civil service management has long recognized that computer processing of three key operations — examinations, certification of eligibles, and personnel systems — will greatly reduce the time and costs involved while increasing accuracy. Accordingly, the Bureau of Data Processing was created to achieve this goal in cooperation with the Bureau of Management Information Systems. The approach has not been effective and Data Processing is operating independently of the Office of Administration's data center. Establishment of still another independent computer operation in state government will add to escalating EDP costs, lead to more duplication, and dissipate the savings which should result from efficient use of computer technology.

Because of the essential nature of the computer operations to civil service and the substantial savings which are possible, a task force approach should be adopted with direction, responsibility, and authority vested at the highest level of the Bureau of Management Information Systems. The programming, systems, and support personnel in the Bureau of Data Processing can be phased into the task force at little or no additional cost. The remaining control unit should be upgraded to provide audit functions and an interface with BMIS. Total annual savings through equipment and staff reductions are estimated at \$273,000.

5. Complete present computer applications for the large volume areas of the Eligibles Certification Division and program remaining functions at the same time.

Maintenance of certification information is now done manually. The procedures used are time-consuming, costly, and subject to a high rate of error. Work

has been underway for four years to convert these transactions to computer processing. A budget request has been made for 11 more positions in the Eligibles Certification Division to eliminate current backlogs. If the work of this division were programmed for computer applications, not only would the need for these additional positions be eliminated, but the present staff of 12 could be reduced to four. The annual saving would be \$58,000. However, it cannot be realized until after completion of the systems study to be initiated by the BMIS staff.

6. Eliminate the hard copy personnel records maintained on civil service employees and discontinue the 100% pre-audit of employee transactions.

Personnel administration should be decentralized to place responsibility for adherence to civil service rules with heads of agencies and their personnel officers. Accordingly, the Transactions Division of the Bureau of Certification should discontinue its pre-audit activities, substituting a post-audit to be carried out on a sampling basis. The division should also cease to maintain hard copy records of civil service personnel as this is a duplication of records maintained by each agency. Implementation will

provide an annual saving of \$86,000 by eliminating 12 positions.

7. Combine the training staff of the State Civil Service Commission with the Training Division of the Bureau of Personnel in the Office of Administration.

The proposed unit would concentrate on policy problems relating to statewide training needs, issuing guidelines and furnishing assistance to other government agencies. Implementation will result in a reduction of four employees for annual savings of \$44,600.

8. Change the funding of the civil service program to direct general fund appropriations.

Elimination of the present cumbersome method and establishment of a centralized personnel department, recommended elsewhere, will eliminate the need for one clerk and a budget analyst. Annual savings will be \$20,300.

9. Amend civil service rules to allow a broader selection of employees.

At present, only the top three candidates are submitted to agencies requesting employees. This should be expanded to the top five for a broader selection.

Department of Property and Supplies

This department is a service organization for the departments, boards, commissions, divisions, and other agencies of the commonwealth. It functions through a variety of bureaus.

CURRENT OPERATING METHODS

The department's major services include procurement of materials, equipment, and supplies in common use by several agencies; provision of real estate space and facilities; control of engineering, construction, and maintenance of buildings and grounds including review of General State Authority projects; and supervision of surplus federal and state personal properties as well as the various federally donated food programs.

As of September 1, 1971, personnel totaled 1,577 with an authorized complement of 1,724. Approximately 85% represent classifications other than civil service. The fiscal 1972 budget is \$16.6-million. About 72% of this amount represents employee

salaries, wages, and fringe benefits. Operations of the various bureaus are covered in separate reports.

APPRAISAL OF OPERATIONS

The department lacks sufficient top-level organization planning and control. There is also evidence of a lack of executive attention to personnel appraisal and development as well as operating economy and effectiveness. Several bureaus have administrative divisions which are overstaffed or performing duplicate functions. Duplications exist in other areas as well.

The Bureau of Publications engages in specification writing, purchasing, and warehousing functions which are performed by the Bureau of Standards. The Bureau of Surplus Federal Property and the Surplus State Property Division also overlap activities. The Bureau of Personnel devotes most of its time to clerical transactions and does little in the areas of training or personnel counseling.

RECOMMENDATION

1. Reorganize the Department of Property and Supplies and rename it the Department of General Services.

The primary objective is to place the administration of substantially all of the centralized services within one department to eliminate costly duplication and lack of standardization. A secondary aim is to realign some functions in a more logical order. The five major groups which would comprise the proposed Department of General Services would include the following:

Material Management, State Properties, Motor Vehicle Fleet Administration, Central Services, and Departmental Administration. This expansion from the three current areas would provide more effective and economical services to user agencies by grouping related functions in one area. The exception would be Central Services which would be a collection of miscellaneous statewide functions which, individually, would not be large enough to require a specific group.

Bureau of Purchases

This bureau serves as the central procurement agency for all departments, boards, and agencies of the commonwealth, except certain independent and quasi-independent authorities and commissions. It is composed of six divisions of which three are engaged in buying and contract award functions. The others perform administrative and service activities.

Operating expenditures for fiscal 1971 were \$1.25-million and the total value of purchases for this period was more than \$136-million. Buying is done by 10 teams on a commodity-specialization basis. Each team is assigned a number of commodities and a requisition for an assigned item, regardless of cost, is processed by the specified team.

The bureau has the following problems:

- ▶ Administrative functions have excessive first line supervision.
- ▶ Bid Opening and Security is overstaffed.
- ▶ There is no continuing training program for buyers and they are working without a procedures manual.
- ▶ Requests for bids are not prepared efficiently.
- ▶ Bidder lists are not purged to eliminate inactive or marginal vendors.

- ▶ Legal requirements for securities furnished by bidders and for open competitive bidding cause operating inefficiencies.
- ▶ The commodity catalog is difficult to use and has not been revised since 1962.

RECOMMENDATIONS

2. Reduce the number of administrative officers.

In addition to the assistant director, there are four administrative officers including one who acts as a trouble shooter for the bureau's director. The need for this officer is questionable since the assistant director should be able to handle troubleshooting activities. Also, there is no need to assign two officers to the Administrative Division when there are enough competent supervisors at lower levels to make one sufficient. Elimination of two administrative officers will provide an annual saving of approximately \$26,400.

3. Reduce the staff of the Bid Opening and Security Unit.

This unit opens bids, records proposals, and prepares forms for buyers. It is staffed for peak periods and six of the employees are gainfully employed for only 50% of the day. A reduction of at least two clerks is recommended for annual savings of \$10,600.

4. Minimize or eliminate vendor security requirements on bid proposals for purchases of goods or services.

Proposals for contracts must now be accompanied by either a certified check or performance bond. Such requirements deprive vendors of the use of their funds for a considerable length of time and the cost is undoubtedly reflected in inflated quotations. Eliminating or minimizing the security provisions will result in lower quotations from a wider spectrum of qualified suppliers. The annual saving should be at least \$1.17-million.

5. Increase the bureau's authority to make purchases without formal proposals from \$50 to \$1,500.

Legislative action enabling this bureau to buy in the open market, without proposals, any item costing less than \$1,500 will materially increase the efficiency of the purchasing operation. Industrial experience shows that such a change is justified and should have the effect of reducing the work load in the Bid Preparation Unit by 54%. Implementation would provide annual savings of \$32,000 through staff reductions.

6. Update and revise the commodity catalog.

This book is outdated and unreliable. In addition, the present format makes it difficult to use so that too much time must be spent in searching for required items. No savings are claimed.

7. Provide a procedures manual for buyers' guidance.

When an agency needs a commodity, buyers must refer to several sources for procedural information. The time consumed in this activity is excessive. A central purchasing manual has been distributed recently and could serve as a first draft of a procedures manual. It should be revised and augmented as a result of the buyers' experience in using it. While no savings are claimed, there will be a definite improvement in operating efficiency.

8. Initiate a continuing training program for buyers.

A concerted effort has been made to improve the quality of personnel and reduce the turnover rate of buyers. A comprehensive training program would supplement this effort and provide buyers with an opportunity to learn the latest methods and concepts used in their field. Training sessions would also allow them to discuss problem areas and offer suggestions for improvements. The program should increase the quality of the commonwealth's purchasing function. No savings are claimed.

9. Consolidate the reproduction services functions of the Purchasing Services Division and the Office Services Division of the Bureau of Administrative Services.

The Bureau of Purchases is being relocated to the North Office Building. When the move is completed, the reproduction services functions of the Purchasing Services Division and the Office Services Division should be combined. Savings are claimed elsewhere.

10. Automate constant data used in preparation of schedule and period contracts.

Constant data comprise commodity codes, brief specifications of items, standard clauses, special requirements, delivery instructions, and signature sheets. Variables are limited to estimated quantities, maximum price, and vendor quotations. Automating the constant information would reduce contract preparation time by 50% and provide an annual saving of \$53,400.

11. Purge bidders' lists and establish a vendor rating system.

Currently, there are no specific requirements for admission to the bidders' lists and invitation re-

sponses, overall, average less than 10%. As a first step in purging, a letter should be sent to all vendors asking if they wish to remain on the lists. It should also state that three consecutive non-responses in the future will cause automatic removal. The second step would be rigid adherence to the policy of automatic removal.

The rating system should contain the following criteria:

- ▶ Conformance to purchasing specifications.
- ▶ Maintenance of delivery schedules.
- ▶ Proven financial responsibility.

Implementation will provide an annual saving of \$38,400. The cost is estimated at \$8,300 per year.

12. Raise the dollar amount on field-limited purchase orders to \$500.

The current limit of \$100 is too restrictive and should be raised. This would eliminate approximately 43% of the orders which are now processed by the Bureau of Purchases. With the reduced work load, it would be possible to eliminate five clerks and four buyers for annual savings of \$75,300.

Bureau of Standards

This bureau develops standards and specifications for materials and commodities purchased by state agencies, inspects purchased goods for compliance with specifications, and offers advisory services to state departments and agencies.

It is composed of three divisions: Standards and Specifications, Inspection, and Laboratory Testing. Standards and Specifications writes new specifications and amends existing ones for all commodities purchased. Specifications are reviewed every five years. The Inspection Division examines field equipment, materials, and supplies to ensure conformance to existing standards. Items of less than \$100, pharmaceuticals, tobacco, and petroleum products are exempt. Laboratory Testing conducts experiments to determine if samples of commodities conform to specifications before a contract is awarded. The operating budget for fiscal 1972 was \$517,600.

While the bureau is performing in a satisfactory manner, certain practices dilute its overall efficiency. Too much of the specification writers' time is spent reviewing item descriptions included in invitations to bid and evaluating proposals received by the Bureau of Purchases. Field inspectors have little technical background which causes problems when

commodities are of a complex nature. Copies of specifications, although costly to prepare, are mailed to all who request them.

RECOMMENDATIONS

13. Charge prospective vendors for specifications.

During 1971, the bureau mailed 22,500 copies of specifications to vendors not on established distribution lists. The cost of preparation is \$1.35 per specification. If \$2 were charged to vendors requesting copies, the additional annual income would be \$45,000. The work of processing checks, maintaining records, and so on should also be assumed by the bureau. The annual cost is estimated at \$1,300.

14. Reorganize the field inspection operations.

The Inspection Division examines equipment, materials, and supplies purchased by state agencies to ensure conformance to established specifications. There are 11 inspectors. Each is assigned a geographical area and required to visit the major state institutions in his region weekly. Since the inspectors are not qualified to examine complicated systems or equipment, most of their visits consist of checking quantities and descriptions of consumable or low value items.

To provide a meaningful inspection function, 10 of the positions should be abolished. The chief inspector should be provided with a new staff of three career material inspectors based in Harrisburg. The complexity and cost of purchased items would set the criteria for inspection and examiners would be dispatched as required in the field. The new staff should be qualified in the areas of electronics, communications, and mechanical equipment as well as furniture. Implementation will provide an annual saving of \$107,000. The annual cost is estimated at close to \$41,800.

15. Reduce the number of purchase specification writers.

Approximately half of the specification writers' time is spent reviewing material referred to them by the Bureau of Purchases. The percentage of referrals should decrease as the result of increasing expertise of the buyers in this bureau. The number of writers should eventually be reduced by three for an annual saving of \$33,300.

Bureau of Real Estate and Insurance

This bureau administers real estate and insurance programs of the commonwealth. The Real Estate

Division is responsible for the lease, purchase, and disposition of real property. Contractual agreements concerning insurance and bonds for state agencies as well as claims processing is handled by the Insurance Division. The fiscal 1972 budget is \$206,000 and the staff size is 21.

The bureau does not actually operate as the central agency for administering real estate and insurance activities since several other agencies handle various aspects of these functions. This results in numerous inefficiencies. Although the bureau's employees are competent, the operation lacks adequate management systems to control personnel and activities. There are no work standards or performance criteria to measure performance.

RECOMMENDATIONS

16. Develop a policies and procedures manual for the bureau and initiate a personnel training program.

There are no written policies or procedures available to guide personnel in the performance of daily activities. Providing the staff with written guidelines as well as proper training will result in a more informed and efficient work force. There will be a one-time cost of approximately \$5,000 to provide a policies and procedures manual.

17. Simplify the procedure for approving leased office space for state agencies.

By making the Secretary of Property and Supplies responsible for all leasing approvals, several steps and repetitive procedures in the current system could be eliminated. Thus, a more efficient operation would be obtained.

18. Place responsibility for negotiation of and accounting for leases on state-owned land and buildings in the Real Estate Division.

There is no centralized control of this type of state-owned property and leases are not being regularly reviewed. As a result, the state is losing a potential increase in revenue and there is a possibility that some of the buildings should be sold. Placing responsibility for these leases in the Real Estate Division will ensure that proper controls are established. No savings are claimed.

19. Invest commissions from insurance premiums in certificates of deposit.

By letting the commission deposits accrue on an annual basis and investing them in certificates of deposit, the commonwealth will gain additional annual income of \$3,200.

20. Transfer the disposition of state-owned properties from the Claims Settlement Division in the Department of Public Welfare to the Bureau of Real Estate and Insurance.

Disposition of real estate acquired by the Department of Public Welfare is handled by the Claims Settlement Division. This function logically belongs to the Bureau of Real Estate and Insurance. At present, uncommitted property for disposition is valued at about \$36,300. Sale will provide a one-time income of this amount to the commonwealth. Invested at 5%, this will produce an annual income of \$1,800.

21. Reassign the work loads and territories of the real estate representatives.

The five representatives have assignments which vary in county distribution from five to 22. Dividing the commonwealth into three areas will provide a more equitable distribution of the work load and will eliminate the need for two representatives. Two clerical positions should also be abolished for a total annual saving of \$34,200.

22. Establish a State Insurance Fund which will reimburse the commonwealth or its agencies for loss or damage to property not otherwise insured.

The existing fund is not a self-insurance mechanism since the majority of claims are for damage to state-owned automotive equipment. The fund should be revised to provide reimbursement to the commonwealth and its agencies for loss or damage to property whether owned, loaned, or leased to a maximum limit of \$500,000 for each occurrence. Assets of the State Fire Insurance Tax Fund and the State Insurance Fund should be transferred to form the proposed self-insurance mechanism and agencies should be assessed an annual premium until assets of \$10-million are reached. Savings are claimed elsewhere.

23. Consolidate and standardize insurance policy limits and conditions of liability.

The five existing automobile liability policies covering state-owned vehicles should be consolidated into a comprehensive coverage with a single limit of \$500,000 for each occurrence. Other state policies should be examined for consolidation potential and to standardize insurance policy limits and conditions of liability. Annual savings are estimated at \$146,000.

24. Consolidate and standardize insurance limits and conditions of liability on aircraft coverage.

Several state departments have aircraft insurance coverage. These policies should be consolidated and

uniform insurance limits and conditions of liability established. The estimated annual savings would be \$86,300.

25. Cancel the three boiler and machinery policies carried by the commonwealth.

Present policies provide a maximum limit of \$150,000 per accident. Under the proposed self-insurance mechanism, a limit of \$500,000 for each occurrence would be available. Canceling these policies would provide an annual saving of \$83,800.

26. Cancel all fine arts insurance policies.

There are nine policies in force with a maximum limit of \$100,000 on the largest. Potential losses should be covered by the self-insurance fund. The annual saving in premiums would amount to \$1,700.

27. Consolidate insurable properties under a blanket fire and extended coverage, vandalism, and malicious mischief policy with a \$500,000 deductible for each loss.

Insured properties should be surveyed and those with values of less than \$1-million should have present coverage canceled. Properties with values in excess of \$1-million should be provided with the proposed blanket coverage. The estimated annual saving is \$118,000.

28. Cancel money and securities, burglary, robbery, and mercantile open stock burglary policies where loss exposure does not exceed \$500,000.

Exposures exceeding \$500,000 should be consolidated under a single policy with a deductible of \$500,000. The estimated annual saving is \$7,000.

29. Review the policy carried by the Pennsylvania Turnpike Commission which covers bridges, overpasses, underpasses, culverts, and tunnels.

A study should be made of this coverage to determine if it is properly rated. Although substantial premium reductions are possible, no specific amount of savings is claimed.

30. Cancel the all-risk policies carried by various departments and agencies.

There are eight separate policies covering exposures with values of less than \$500,000. Canceling this insurance will provide an annual saving of \$5,700.

31. Consolidate existing bonds into one with a limit of \$1-million.

There are currently 41 separate performance and blanket position bonds carried by the commonwealth. Broader coverage and reduced clerical effort would

result from consolidating the coverage into a single bond with a \$1-million limit.

32. Change the procedure for selecting agents, brokers, and insurance companies.

The present practice is to market the insurance at each expiration. Coverage with an annual premium of \$5,000 or less is placed through an insurance agent or broker on a rotating basis. Policies with higher premiums are put out for competitive bids to as many as 40 agents, brokers, and companies.

A more practical approach would be to authorize the Director of Insurance to select a competent insurance agent or broker to represent the commonwealth in insurance negotiations.

33. Restore the insurance commission retained by the commonwealth to 10%.

Before March 1971, the commonwealth retained a 10% commission on each policy written to be paid to the Higher Education Assistance Fund. In March, this was reduced to 7% to encourage more bidders for state insurance.

Until a firm is selected to represent the commonwealth in its insurance negotiations, the 10% rate should be restored. This would provide an estimated increase of \$82,000 in annual income.

34. Change the internal procedure for paying insurance premiums and handling brokerage commissions reimbursed to the commonwealth.

The Director of Insurance should be empowered to require payment from covered agencies of all premiums when due. Earned commissions should be deducted and deposited. This will ensure that all such commissions are collected.

35. Reorganize the Bureau of Real Estate and Insurance.

There is no reason for combining these two functions into a single unit. Instead, the existing organization should be divided into a Bureau of Real Estate and Space Management and a Bureau of Insurance. A professional risk manager should be placed in charge of the insurance function.

The Bureau of Real Estate and Space Management would be separated into Divisions of Real Property Management and Real Property Administration. Real Property Management would include acquisition, leasing, and disposal of state-owned land and buildings. Real Property Administration would be responsible for space planning and utilization as well as inventory and records functions.

Bureau of Engineering and Construction

This bureau performs design, contract award, and inspection functions for state construction projects primarily financed by current funds excluding the General State Authority and the Department of Transportation. All building is done by private firms.

The September 1971 staff complement totaled 130 with a fiscal 1972 operating budget of \$1.6-million. The organization consists of the Administration, Engineering, Architectural, Inspection, and General State Authority Review Divisions.

This is a service operation with work initiated by requests from various departments. Maintenance and renovation projects are usually financed from current funds. Commitments must be made by the end of the fiscal year for which monies are appropriated. The bureau also handles about 300 requests for consulting, redesign, or design work on projects of less than \$12,000.

Although the bureau responds adequately to maintenance requests, there is no forecasting done for this type of work. A physical inventory of state-owned property has not been made and the requirement that funds be committed before the end of a fiscal year for projects causes peak loads. The result is overstaffing and increased construction costs. Some design funds are being wasted. In certain cases, earlier decisions to cancel unwarranted projects were needed. In others, necessary maintenance was not performed because of a lack of funds. On General State Authority projects, there is duplication of design and inspection functions between this bureau and GSA, causing delays and increased costs.

RECOMMENDATIONS

36. Develop a system to reduce peak loads in this bureau's operations.

Redistributing the engineering design work throughout the year and avoiding the peak of contract letting which occurs to commit funds before the end of a fiscal year will produce substantial savings in staff and capital project costs. The method devised for contract letting should include allocation provisions which would permit current operating funds for authorized projects to be committed in the following fiscal year. In addition, a better approval system is needed.

Under the present financial restrictions, more than 50% of the construction awards are made in the May-June period. This results in overstaffing, in-

flated contract awards, and contracts which are performed under less than optimum conditions. Implementation would result in total staff and contract savings of almost \$1.2-million annually.

37. Update engineering standards and allow for introduction of new ideas and materials.

Present standards were adopted in 1964 and published in hard cover books, making modifications difficult. By changing to a loose leaf format, the standards could be modified to reflect new ideas and materials. In this way, procedures could be tentatively approved for a test period before becoming accepted standards. No cost is anticipated.

38. Institute a preventive maintenance program.

At present, there is no forecast available for maintenance costs nor is there any comparison between such costs and asset values. Once an inventory and condition analysis of assets has been completed, the bureau should institute a program of preventive maintenance to reduce the cost of emergency repairs.

Bureau of Grounds and Buildings

This bureau is responsible for the maintenance, operation, repair, and housekeeping functions in the capitol and other state buildings in Harrisburg, Philadelphia, and Pittsburgh. Managed by a director, it has a personnel complement of 834 and an operating budget for fiscal 1972 of \$8.2-million. The bureau is organized into Administration, Maintenance, Buildings Operations, and Custodial Divisions. All work, other than daily routine functions, is authorized by a request approved by the director. Foremen determine the number of people assigned and monitor the time taken.

While the proper degree of cleanliness, repair, and upkeep is maintained, the bureau has too many personnel for its assigned work load. In addition, cost control, budget preparation, and work supervision systems are inadequate. The cost of services for other agencies is not charged to them. Further, there are no work standards to measure the bureau's efficiency. On some major renovation projects, it has not sought help from the Bureau of Engineering and Construction, resulting in unnecessary errors.

RECOMMENDATIONS

39. Establish work standards, schedules, and training programs for the custodial, housekeeping, and gardening personnel.

There is no formal program to administer the work of bureau personnel engaged in custodial and housekeeping duties. In Harrisburg, custodial workers are

responsible for approximately 7,000 square feet of space per employee. This compares with a rate of more than 20,000 square feet per employee at Pennsylvania State University which uses a management engineering system to set work standards.

Because of the differences between capitol building and school cleaning requirements, it is estimated that 15,000 square feet per employee is a properly conservative figure for bureau personnel. To achieve this, the employees must be trained, properly supervised, well equipped, and paid a competitive wage. The one-time cost for a standards program is estimated at \$110,000 with annual operating costs of \$544,000. Annual savings should amount to almost \$1.2-million.

40. Charge agencies using special services of the craft shops.

On special projects, the agencies pay for materials and the bureau's craft shops supply the labor free. In some cases, materials are also supplied without charge and agencies have little incentive for holding requests for special projects to a minimum. Paying for these services—materials and labor—would supply the incentive. It is estimated that such a charge would eliminate unnecessary requests and allow a 10% reduction in the craft force. Annual savings are estimated at \$126,000.

41. Scrub floors at night instead of during the day.

Scheduling this activity at night will eliminate current disruptions and permit more efficient use of time by office personnel. Based on an estimated production increase of 12,000 man hours per year for the office staffs, the annual saving could be \$30,000. However, this amount is not claimed.

Bureau of Administrative Services

This bureau provides fiscal management, procurement control, and varied general office services for the Department of Property and Supplies. It is also responsible for statewide warehousing and distribution of certain commonly used supplies.

There are 32 employees organized into Fiscal Management, Office Services, and the Commonwealth Travel Office. Fiscal Management prepares and administers the budget and maintains inventory control of state property in the possession of the department. Office Services procures, stores, and distributes certain commodities used by the agencies and institutions of the commonwealth. The Commonwealth Travel Office handles commercial air travel reservations, tickets, billing, and coordination

of all official business traveling on commercial carriers. It also maintains information on travel by state employees.

Although operations are generally satisfactory, there are a number of areas for performance and cost improvements. The operating economy of the warehouse service is severely limited by the cash available to replenish supplies. Other problems include poor stocking procedures, inadequate management of accounts receivable, lack of efficient measurement standards for volume and range of stored items, insufficient space, and poor location of facilities. There is some duplication between Office Services and other units in the Department of Property and Supplies in regard to service functions.

RECOMMENDATIONS

42. Provide adequate administrative direction and support for the Central Warehouse Section.

While many areas of this operation need correction, there is also a lack of administrative direction and support. Current inadequate service is due, in part, to delayed and ineffective performance by other agencies. The following support should be given warehouse supervisory employees:

- Management personnel in the Bureau of Administrative Services and the Office Services Division should give assistance to resolve problems of delayed procurement handling, poor vendor service, slow action by personnel agencies in obtaining needed clerical and storeroom manpower, and ineffective fiscal procedures.
- The former superintendent of the Central Warehouse Section should devote more time to on-the-job direction of his replacement. A manual of standard warehouse practices should be provided to guide present personnel in improving their performance.

43. Improve supervisory performance in the central warehouse.

Current supervision has been hampered by inadequate administrative support and a shortage of clerical and storeroom manpower. There is insufficient knowledge of sound warehousing practices and ineffective control in providing requested services to agencies. Filling vacant clerical and operating positions should also improve service.

44. Modernize the inventory records and procedures used by the warehouse.

Current records and procedures do not provide accurate, convenient information on stock use and

availability. There is insufficient correlation between stores replenishment and rate of consumption by using agencies. Inventory records should be revised to show material on hand, items on order, and rate of consumption to permit more efficient determination of the amounts and types of items to be stored. Improved control will increase the inventory turnover rate from 2.8 to six times a year, providing a one-time saving of \$307,000. Investment at 5% will produce an annual income of \$15,400.

Bureau of General Services

This bureau provides police protection for commonwealth property in Dauphin County and visitors' guides in the capitol area. It also administers cafeteria and vending machine facilities in three state-owned buildings.

General Services is organized into the Capitol Police and Capitol Guides Divisions and has an operating budget of \$922,000 for fiscal 1972. The police unit protects buildings, equipment, grounds, personnel security, and order in commonwealth property areas. The Capitol Guides Division conducts tours and distributes public relations literature published by state agencies. Cafeteria and vending machine services are managed and operated by a commercial food service contractor.

The bureau is not operating as effectively as it should. Administration and operations improvements are needed in the Capitol Police Division. The guide service seems satisfactory.

RECOMMENDATION

45. Improve personnel administration procedures in the Capitol Police Division.

Job requirements and experience qualifications are inadequately defined and poorly used. Of the current complement, about 20% of the personnel are more than 65 years old and turnover is excessive. To improve operations, job descriptions and experience qualifications should be provided and used in personnel recruitment and placement. The maximum age for members of the force should be 65 and compliance should be sought with state personnel policies and practices. Pre-employment and annual medical examinations should be instituted and a continuing training program provided. Implementation will improve the quality of personnel, reduce turnover, and increase productivity. Improved efficiency should reduce staff requirements by 10% for an annual saving of \$50,000, however, no savings are claimed.

Department of Revenue

This department is designated by statute as the principal government agency for assessing and collecting taxes. It also issues dog, boating, and miscellaneous licenses and collects various types of revenues.

CURRENT OPERATING METHODS

The department is headed by the Secretary of Revenue. It employed 2,167 people as of September 20, 1971, and operating expenditures for fiscal 1971 were \$24.4-million. Allocated funds for fiscal 1972 total \$25.8-million. Revenue-producing units in the department include the Bureau of Taxes for Education, Personal Income Tax Bureau, Bureau of County Collections, Bureau of Corporation Taxes, Bureau of Cigarette and Beverage Taxes, Bureau of Liquid Fuels Tax, Bureau of Pari-Mutuel Wagering, and State Lottery Bureau.

The seven staff divisions are Personnel Administration, Fiscal Management, Data Processing, Internal Auditing, Public Information, Research, and Office Services and Printing. Approximately 1,100 of the department's employees are engaged in field activities. These functions include investigation of delinquent accounts, enforcement of tax law regulations, and audits of taxpayers' accounts. In most cases, the department operates independently of the commonwealth's criminal law enforcement agencies. Each bureau's revenues are remitted to that unit's main office for processing.

APPRAISAL OF OPERATIONS

The department's present organization does not provide the best utilization of efforts and causes some duplication in functional activities. The procedure of having separate bureaus process revenues is inefficient and causes delays in the availability of funds for investment. Field investigations and audits are disorganized and ineffective. While the Data Processing Division performs well, it has not provided systems to follow up analyses of the service needs of the department's other bureaus.

RECOMMENDATIONS

1. Reorganize the Department of Revenue.

The department is currently organized by taxing classification with each major area represented by a bureau. A chart, shown at top right, depicts the present organization. Each bureau is a self-contained

unit having its own clerical, accounting, and field functions. Reorganization of the department, as illustrated in the proposed chart at lower right, would accomplish three objectives:

- ▶ Duplications in clerical, accounting, and data processing areas would be eliminated, making it possible to reduce staff requirements by 528 positions. The annual saving would be almost \$3.7-million.
- ▶ The time required to submit checks from the department to the state treasury would be shortened by four days.
- ▶ The field audit staff, which is not currently sufficient to provide needed coverage, could be increased by 175 positions for an annual cost of about \$1.8-million. Increased audit activities should generate additional annual income of approximately \$5.3-million.

2. Establish a Bureau of Collections within the Department of Revenue to be responsible for all collections of revenue except those which logically belong in other areas.

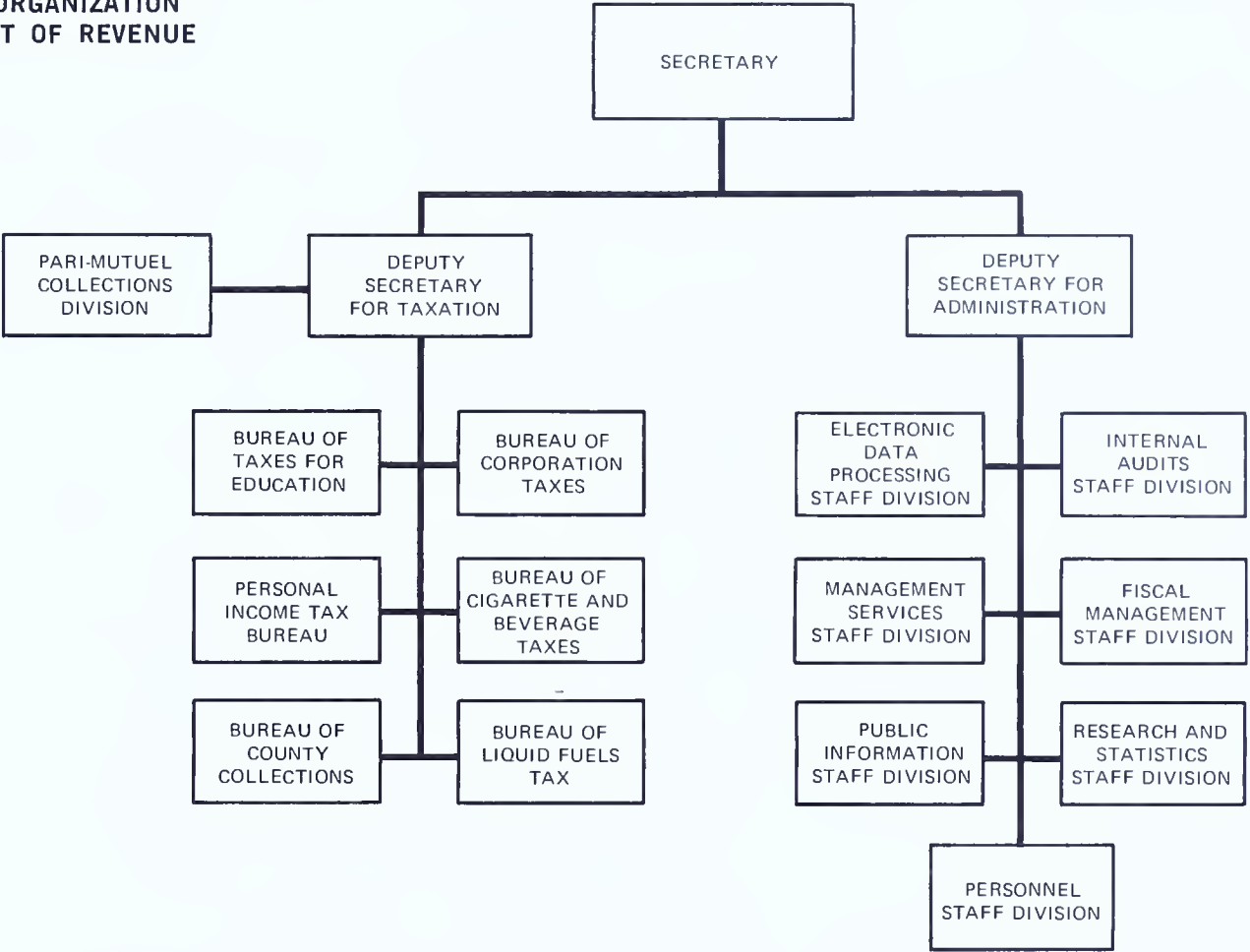
The bureau will achieve two objectives:

- ▶ There will be a reduction in personnel through elimination of duplicate clerical staffs in agencies which now collect and process revenues. The annual saving is estimated at \$941,000.
- ▶ A one-time saving of \$101-million in the current collection investment will be possible by eliminating inefficiencies in the processing of revenues. Invested at 5%, the saving will produce an estimated annual income of more than \$5.07-million.

Current delays in collection and processing functions will be eliminated by the proposed bureau as follows:

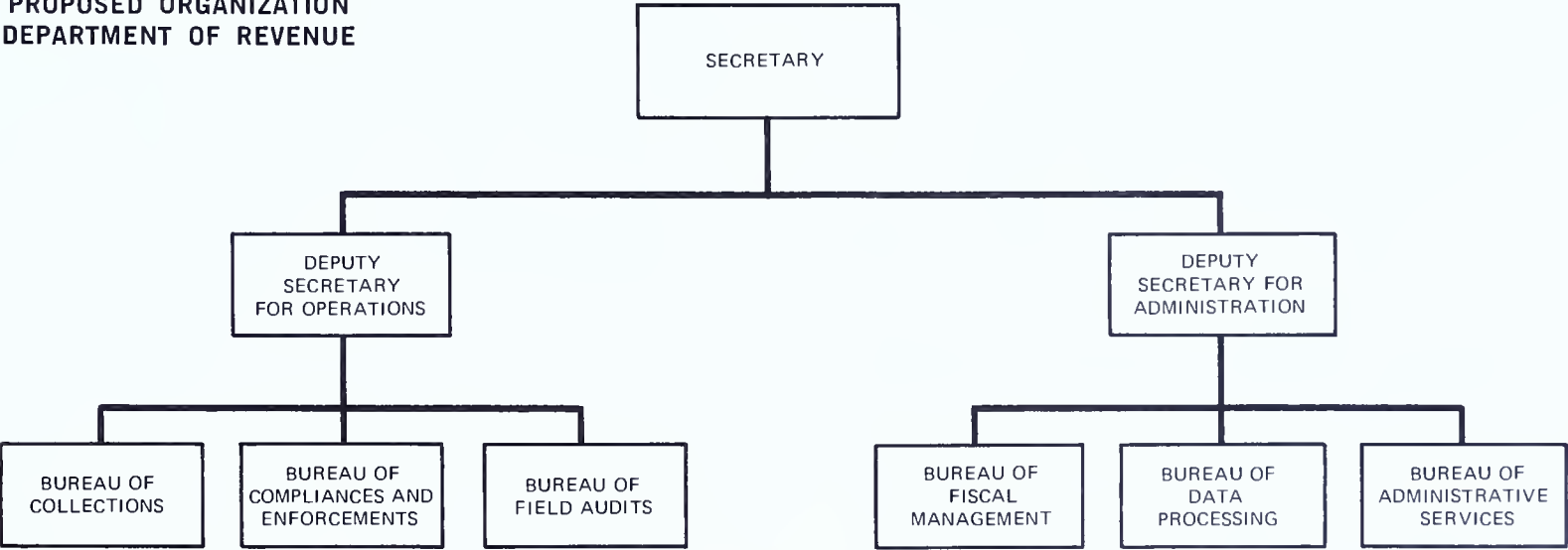
- ▶ All items received in the morning will be fully processed the same day.
- ▶ Unannounced grace periods will no longer be necessary since there will be no receiving delays. Tax due dates can also be enforced.
- ▶ All mail arriving at the Harrisburg post office will be picked up the same day.
- ▶ Through centralization, the staff will be geared to handle fluctuating work loads.

**PRESENT ORGANIZATION
DEPARTMENT OF REVENUE**



- Checks will be deposited without having to wait for exhaustive audit work.
- The collection function will be centralized, eliminating duplication and providing potential for standardized collection procedures.
- The audit now performed by the Comptroller will either be dropped or will become a post-audit.
- A two-shift operation will eliminate premature cut-off times for processing revenues.

**PROPOSED ORGANIZATION
DEPARTMENT OF REVENUE**



- ▶ Fully centralizing the encoding functions at the Treasury Department will correct duplication in this area and provide an effective post-audit.
- ▶ Revenue will be deposited as received. Refunds, billings, and license issuing will be geared to audit and accounting activities, but will not affect the deposit function.

3. Require racing associations to wire tax proceeds from each racing day to the state account in Philadelphia.

Two revenue agents at each of the five tracks prepare treasury transmittals. The following day, they receive a check from the racing association. The check and the transmittal are forwarded to Harrisburg where they are processed and turned over to the state treasury. This process takes six days from the time of the race until funds are available for investment. By requiring racing associations to wire tax proceeds to the state account in Philadelphia the following day, the time would be cut to two days. Estimated annual income would total \$58,000.

4. Extend civil service coverage to include all employees in the Department of Revenue below the policymaking level.

Hiring employees on a patronage basis in this department is objectionable because it can create a conflict of interest. The highest priority should be given to civil service extensions for employees involved in enforcement activities.

5. Supplement the present program for collecting delinquent corporation accounts and authorize department attorneys to enforce judgments.

The Bureau of Corporation Taxes retained a consultant to classify delinquent accounts and send them notices. This program should be supplemented by a detailed procedure specifying priorities, timing of notices, criteria for reference to the Field Service Division and the Legal Division, and standards for write-offs. Also, the Department of Revenue should be authorized to take all necessary legal steps to collect delinquent accounts.

Bureau of Taxes for Education

The Bureau of Taxes for Education administers and enforces the sales and use tax imposed on the sale, use or rental of certain property and services as well as the hotel occupancy tax.

The organization consists of six operating divisions — Accounting, Legal, Administrative Services, Audit, Compliance, and Motor Vehicle Tax — and

21 district offices. Gross revenues for fiscal 1971 amounted to approximately \$1.1-billion and operating expenses totaled \$9.7-million. Accounts are collected on a monthly, quarterly, semiannual, and annual basis depending on the size of payment.

The bureau employs many archaic methods which result in excessive costs. Written procedures and work methods are not in evidence in most divisions and ineffective where they do appear. The divisions operate almost independently and there is little exchange of information, causing duplications of effort. Field audits are poorly administered and the bureau's present organization has resulted in diffused functional supervision.

RECOMMENDATIONS

6. Change the due date for accounts remitting more than \$600 monthly.

Current practice allows such accounts 45 days to remit, following the last day of the collection month. Annual revenue amounts to more than \$750-million. Given the size of the corporations involved and the 1% discount offered, limiting the use of the funds to 30 days is more than reasonable. The increase in funds available to the commonwealth will be over \$45-million. Invested at 5%, they will produce \$2.25-million in additional annual income.

7. Use the receipt date instead of the postmark to determine discount.

Vendors who collect more than \$600 monthly must remit funds 45 days after the last day of the collection month to qualify for the 1% discount. By using the postmark to determine discount eligibility and observing an unannounced five-day grace period, the commonwealth has been giving vendors an extra five to eight days. If the industry practice of using the receipt date were adopted, enough funds would be freed to produce an additional investment income of \$33,000 annually.

8. Mechanize the manual processing functions.

Transferring manually performed functions in the Legal, Accounting, Administrative Services, and Compliance Divisions to data processing applications would reduce the personnel requirement by 82 positions for an annual saving of \$649,000. There would be a one-time implementation cost of \$500,000 and an annual cost of \$150,000.

9. Open a post office box for all accounts paying more than \$5,000 per month.

The majority of the 40,000 accounts remitting on a monthly basis are received during a two- to three-

day period. To give priority to payments in excess of \$5,000, they are separated by the Mail Receiving Section and sent to one individual who posts them and forwards them to Data Processing. This works well during slack periods. However, during peak periods, it may take up to three days for the system to operate.

By leasing a post office box for accounts paying more than \$5,000 per month, the bureau could process all these payments the same day. Pickups should be made from this box four times a day during peak periods. In addition, the person posting the payments should be supplemented with one or two assistants at this time. Implementation should reduce processing time by three days and yield available funds of about \$4.8-million. Invested at 5%, the funds will produce additional annual income of \$240,000. The only cost will be the box rental.

Bureau of County Collections

This bureau administers and controls the collection of specific taxes in counties throughout the commonwealth. In addition, it collects and disposes of escheatable property and provides a miscellaneous license service.

The organization consists of five operating divisions: Realty Transfer Tax, Inheritance Tax, Escheats, Miscellaneous Licenses, and Administrative Services. Realty Tax, Inheritance Tax, and Escheats operate field sections. Most collections are made by county officials or agents designated by the bureau. In fiscal 1971, revenues amounted to \$170-million and operating expenditures were \$1.7-million.

The present organizational structure causes serious problems in regard to control of field employees. There is a complete lack of uniformity in forms used and the bureau does not fully utilize the informational activities of other units within the Department of Revenue. Manual bookkeeping techniques are employed and audit and follow-up procedures do not function efficiently. There is little performance evaluation of employees and inter-bureau communication, particularly in field activities, is poor.

RECOMMENDATIONS

10. Reorganize the field offices of the Inheritance Tax Division.

Personnel in the local offices of the Inheritance Tax Division are paid from collections before this money

is remitted to the commonwealth. To improve budgeting, accounting, and operational procedures in this division, gross revenues should be submitted and salaries and expenses appropriated from the general fund.

In addition, the field offices and staff sizes should be determined on the average number of estates closed yearly. The units could be located in the present offices maintained by the Bureau of Taxes for Education. The proposed consolidation of these 67 operations into 21 districts would eliminate 75 clerical positions and provide an annual saving of \$1.02-million.

11. Standardize inheritance tax forms and related procedures.

At present, 50 forms are prepared and used by the 67 county offices collecting inheritance taxes. This causes many problems in processing, pre-audit, and post-audit procedures. All forms should be uniform and patterned after the federal estate tax return. In addition, the returns should be filed with all sections completed instead of the present method which allows debts and deductions to be added later. The estimated saving from printing one form instead of 50 amounts to \$12,000 per year.

12. Pick up bureau mail at the post office.

This operation is physically separated from the Department of Revenue. If the bureau rented a post office box and made its own mail pick-ups, sorting and processing would be hastened by a day. Since this unit receives an average of \$550,000 daily, direct delivery would release a day's collections for investment. At 5%, the annual income to be gained would be \$27,500.

13. Install a bookkeeping machine in the Miscellaneous License Division.

Presently, accounting for this division is done manually by 13 employees. A bookkeeping machine would replace five employees and increase efficiency. In the near future, 12 machines will be released by the Bureau of Taxes for Education. The cost to transfer one machine to the Miscellaneous License Division would be minimal. There would also be a one-time cost of \$150 to purchase program boards. The estimated annual saving is \$34,000.

14. Require financial institutions to hold in escrow the taxable amount of joint bank accounts.

The status of joint bank accounts of a resident decedent is not clearly identified under provisions of the present inheritance tax laws. Legislation should be passed, modeled on the New Jersey law, to state:

“No safe deposit company, trust company, bank or other institution, corporation or person shall transfer or deliver any assets of a resident decedent, whether jointly or singly owned, without serving 10 days’ notice of the time and place of transfer upon the director of the Division of Inheritance Taxes.

“A safe deposit company, trust company, bank or other institution, corporation or person failing to serve notice, allow an examination or retain a sufficient portion or amount to pay the tax and interest shall be liable to pay the amount of tax and interest due.”

A sample study showed that uncollected inheritance taxes on joint accounts amounted to 1.8% in additional revenue for the commonwealth. Projecting such an increase to all counties, the annual additional income would amount to \$2.34-million.

15. Require the County Registrars of Wills to submit interim cash collections of inheritance taxes on the fifteenth of each month.

At present, registrars make monthly settlement transmittals no later than the first Monday after the first Tuesday of the reporting period following the month of collection. If a mid-month transmittal were required, funds which are now dormant in local bank accounts would be available for investment by the Treasury Department. The Bureau of County Collections receives \$10-million per month. Requiring interim transmittals would result in 15 days’ availability on \$5-million each month. Invested at 5%, the annual income would be \$125,000.

Bureau of Corporation Taxes

This bureau assesses and collects taxes on corporations in line with the laws of the commonwealth. Operating expenses for fiscal 1972 are estimated at almost \$2.7-million while revenues are expected to be more than \$1-billion. The bureau is comprised of six divisions: Receipts and Deposits, Taxing and Resettlement, Accounting, Utilities Realty Tax, Field Service, and Legal. There are some 120,000 corporate taxpayers, 67,000 of which pay on a calendar year basis with a due date of April 15. The balance have due dates falling 105 days after the close of their fiscal year so that receipts from these corporations are spread rather evenly throughout the year.

Several problem areas prevent the bureau from collecting revenues effectively. Inefficient notification and refund procedures as well as duplication of functions have created unnecessary paperwork with

accompanying labor and material costs. Fee schedules do not cover costs and excessive delinquencies lose investment revenue. Inadequate identification of delinquent accounts, an imbalance in field investigation work loads, and insufficient supervision contribute to the large backlogs.

RECOMMENDATIONS

16. Establish a complete data base for an on-line computer system to handle corporation tax returns.

A total of 35 positions could be eliminated by establishment of such a system. The annual saving would be \$305,000. Cost of implementation would be \$53,600 with annual costs of \$77,900.

17. Open a post office box and give priority processing to all accounts remitting more than \$25,000.

By picking up from this box several times a day, about 40% of the mail will be available a day earlier and large payments can be identified and processed immediately. Maintaining a card file to check account numbers of the corporations will avoid a one-to-three day delay which occurs when numbers are checked by the registry. The time to be saved through implementation is estimated at six days. This would release \$12-million for investment. At 5%, the annual income would be \$600,000.

18. Modernize settlement and resettlement procedures for corporation taxes.

The Fiscal Code should be amended to eliminate the requirement that a notice of settlement be sent to taxpayers even when the department accepts the return without question. It should also be changed to provide a standard formula for valuations of capital stock. The requirement of a 100% audit by the Auditor General should be dropped in favor of discretionary sampling. The annual saving is estimated at \$10,800.

Bureau of Cigarette and Beverage Taxes

This bureau administers and enforces the collection of taxes imposed upon cigarettes, malt beverages, wines manufactured in the commonwealth, and motor vehicle fines imposed and collected by members of the Minor Judiciary Court.

The Administrative Division of the bureau consists of the Data Processing, Cigarette Tax, Malt Beverage Tax, and Magistrate Dockets Sections. The Field Audit Division employs 25 auditors and 67 investi-

gators operating in five districts. It performs semi-annual audits on cigarette stamping agents and breweries and investigates violations of the cigarette laws. Gross revenues for fiscal 1971 amounted to approximately \$254-million. The operating budget for fiscal 1972 is authorized at \$1.6-million.

The bureau is inefficiently operated, resulting in excessive costs. The receipt of motor vehicle violation fines from magistrates is not a logical function for this bureau. In addition, the costs of issuing retail and vending machine cigarette licenses are not fully covered by the fees collected. Also, the commissions paid to cigarette stamping agents are outdated.

RECOMMENDATIONS

19. Use receipt date instead of postmark to determine when payment is received from participating banks and cigarette stamping agents.

Bank payments are due on the fifth working day following the collection month while payments from cigarette stamping agents are scheduled for the 15th of the month following the collection month. Using the receipt date instead of the postmark would release funds three to four days earlier each month. At 5%, the additional annual income from investment should average \$13,500.

20. Deposit all cigarette and beverage remittances daily.

Deposits to the state treasury of all cigarette and beverage remittances are made the day after their receipt. By giving these funds priority, at least 70% of the revenue can be deposited a day earlier. This will release sufficient funds for investment to provide annual additional income of \$29,600.

21. Pass the cost of printing decal cigarette tax stamps on to the user.

This cost — now absorbed by the commonwealth — should be paid by the user of the stamp to put them on an equitable basis with those who use meter stamps. Implementation would provide an annual saving of \$30,000.

22. Change the compensation level for cigarette taxing agents.

The commission now paid to these agents is 3% of gross revenues collected. It has been in effect since taxes were \$0.08 per pack. The present tax is \$0.18 per pack. The result is that the commonwealth paid \$7-million in fiscal 1970 to collect \$226-million in gross revenue. The commission schedule should be changed to parallel the discount paid for gasoline taxes. Compensation levels would be 2% to \$50,-

000, 1.5% to \$75,000, 1% to \$100,000, and 0.5% over \$100,000. The estimated annual saving would be \$4.9-million.

23. Require collecting banks to remit funds from the sale of cigarette stamps on the fifteenth and thirtieth of each month.

Agents using meter stamps purchase settings from one of 36 banks throughout the commonwealth. The banks remit the money collected during a month on the fifth day of the following month. This allows them the use of these funds for as long as 35 days. Collections totaled \$143-million in fiscal 1970 and the banks had the use of this money for an average of 20 days. By requiring remittances on the fifteenth and thirtieth of each month, there would be a one-time increase in average daily investable funds of \$7.15-million. Converted to investments at 5%, this would yield an annual income of \$357,000.

24. Eliminate credit sales of stamps to agents.

In 1970, \$62-million of cigarette stamps were sold on credit. Since the agent receives a commission on taxes collected, credit sales should be eliminated. This would provide the commonwealth with the use of \$62-million for an additional 30 days. At 5%, the investment income would be \$375,000 annually.

25. Increase the fee for wholesale and cigarette stamping agent (CSA) licenses.

The present fee for a wholesale cigarette license is \$50. A CSA license costs \$200. Both charges should be doubled to cover the cost of auditing wholesalers and stamping agents. At current license levels, the additional income would be \$110,000 per year. These fees should be reviewed every two years and adjusted as required.

26. Increase the fee for retail and vending machine licenses.

The present charge for these licenses is \$1 and does not cover the cost of processing. To meet expenses, the fees should be raised to \$5. At present levels, this will generate \$400,000 in annual income.

27. Require manufacturers and distributors of malt beverages to remit revenues collected during the month on the fifth day of the following month.

Present legislation requires tax revenues be paid on the fifteenth day of the month following the month of collection. Revenues for fiscal 1970 amounted to \$25-million. By changing the due date to the fifth, there would be a one-time saving of \$1-million which would result in an annual income of \$50,000 invested at 5%.

Bureau of Liquid Fuels Tax

This bureau administers and enforces the collection of taxes imposed upon gasoline and special liquid fuels used to propel motor vehicles on the highways. It also administers and enforces a road tax on certain motor carriers.

The Administrative Division of the bureau is organized into Mail Room, Check Collection and Processing, Central Audit, Records Management, and Data Processing Sections. The Field Audit Division consists of 40 auditors and 24 investigators who operate in six regions. Gross revenues for fiscal 1971 amounted to about \$359-million and the operating budget for fiscal 1972 is \$1.4-million.

The bureau is performing its administrative functions satisfactorily. However, legislative regulations prevent it from fulfilling certain delegated responsibilities. For example, taxing the user of diesel and propane gases rather than the distributor makes it difficult to enforce the fuel use tax and the lack of citation or arrest powers makes it impossible to enforce the motor carrier's road tax.

RECOMMENDATIONS

28. Use the receipt date instead of the postmark to determine discount eligibility.

Payments for liquid fuels and fuel use taxes are due on the last day of the month following the collection month. Using the postmark delays receipt of these funds three to four days. By adopting the industry practice of using the date of receipt to determine discounts, enough funds would be freed to provide additional annual income of \$49,400.

29. Require gasoline distributors to submit an estimated return on taxes collected 10 days after the end of the month.

Present legislation states that a distributor must remit all taxes received by the last day of the month following the collection month. This allows approximately 400 companies to use \$26-million of public funds for at least 30 days. By requiring an estimated return, the commonwealth would gain the benefit of these monies 20 days sooner. The estimated additional income from investment of these funds is \$1.3-million per year.

30. Require payers of the fuels use tax to remit funds on the fifteenth of the month following the month of operation.

Under present legislation, remittances are not made until the last day of the month following the month of operation. The revenue amounts to \$32-million

annually. Implementation would provide a one-time increase in investable funds of \$1.92-million. At 5%, the annual income would be \$96,000.

31. Restructure the fuels use tax to place the burden of taxation on the distributor.

Under the present law, users must pay tax on diesel and propane fuels. However, there is a definite problem in enforcing compliance. A solution would be to require that distributors administer the tax. Passing this burden to the distributor will increase compliance and reduce the bureau's work load.

32. Instruct state police on enforcement procedures for the motor carrier road tax.

This tax provides that all vehicles with more than two axles entering Pennsylvania must have a licensing decal displayed. The purpose is to register trucks being driven within the commonwealth so that a tax of \$0.08 per gallon can be collected on fuel used within state boundaries. This law is not being enforced because state police are not sufficiently aware of its provisions. By enforcing the law, the commonwealth should collect an additional \$500,000 in income annually.

Electronic Data Processing Staff Division

This division provides data processing support for the Department of Revenue. Responsibilities include design of information flow through systems development testing and implementation of computer programs as well as processing data on the computer.

The division is organized into five computer processing sections. These include Systems Analysis, Computer Systems Design, Programming, Operations, and Control. Operating expenses for fiscal 1971 totaled more than \$3-million of which 65% was budgeted for EDP equipment rentals. Authorized personnel totals 101 while actual staff numbers 74. Current commitments require a scheduled three-shift, five-day work week with overtime as required on the sixth day. There is an 80% utilization of available machine time. Major systems include corporation tax ledger processing, inheritance tax control procedures, employees' withholding system, estimated tax system, operator licensing, driver control records, motor boat licensing, and a personnel system for the Department of Revenue. Plans call for replacement of current EDP equipment and addition of applications for an individual tax system, state lottery, and senior citizens' property tax system. These plans anticipate transfer of operator licensing to the Department of Transportation.

Although staff levels are 25% below authorized complements, no major processing problems have occurred. Most systems and programming demands are generated by legislative or court actions which require a great deal of management flexibility. Despite allowances for this type of work environment, it appears that administration and planning functions need improvement. No formal scheduling system exists in support of the major computer operation; however, input controls are adequate. Utilization of this equipment is considered good for the current work load. However, no attempt has been made to identify rerun time completely or to decrease it through a formal tape clearing program. In addition, use of punch card machines for scheduled times is low. While original design specifications for major systems have been satisfied, there is a need for greater sophistication and expansion of user services.

RECOMMENDATIONS

33. Purchase certain machine components.

Legislation implementing the personal income tax, state lottery, senior citizens' property tax reimbursement, and business tax for education will add significantly to the division's work load. The additional capacity to meet these demands will be supplied through leasing new hardware to provide faster internal speeds, larger memory capacities, expanded input/output channel capabilities, and faster input/output devices. While the need for this equipment is obvious, purchasing rather than renting it would provide an average annual saving of \$343,000.

34. Eliminate one seven-track tape drive from the computer configuration.

The department's use of this tape drive averages five hours per month for the period June through August. The rent is about \$6,000 per year. The drive is used to process operator license input generated by the Department of Transportation. If the computer in the Department of Transportation were used to copy the input, this equipment could be eliminated for an annual saving of \$6,000.

35. Rent disk packs at a more competitive price.

The August 1971 billing showed a use of 50 disk packs at a unit price of \$20 per month. This far exceeds the current competitive price in this market. Other products of proven performance rent for as little as \$8 per unit. Therefore, a change of vendor should realize an annual saving of \$7,200.

36. Reduce the staff and equipment in this division.

Although the current staff of 74 is 27 under the budgeted force, it has had no problem meeting cur-

rent commitments. Therefore, the vacant positions should be abolished for an annual saving of \$110,000. Additional staff reductions are also recommended. These include an EDP manager, clerk steno, computer operator, tab machine supervisor, four data recording machine operators, a tab machine operator, and three data analysts. Equipment reductions which could be made include a keypunch and key verifier.

The policy of staffing for peak work volumes results in surplus hours during various parts of the week. This procedure could be abandoned by renegotiating input and output commitments, cross training, and scheduling overtime. However, implementation would require an off-shift messenger service from midnight to 8:00 a.m. to make outputs available at the start of the working day. The projected annual savings from the recommended reductions total \$236,000.

37. Reduce the order for 160 key/edit keystations to 96 by scheduling a second shift operation within the Personal Income Tax Bureau.

Current estimates are that approximately five million returns will be generated by the annual income tax system. The volume is expected to be processed during first shift operations between February 1 and July 15. To handle the projected work load, 160 key/edit keystations have been ordered with the vendor providing an additional backup system. By organizing a second shift operation to handle tax returns, the equipment requirement would be reduced by 64 units. Annual savings would total \$50,000. If necessary, a shift premium of 10% could be offered at an annual cost of approximately \$16,600.

38. Consolidate the punch card machines within the Department of Revenue.

Punch card equipment, excluding keypunch and key verifier units, are used in five separate department bureaus. Much of this equipment is underutilized. Consolidation of these machines in one area would permit annual savings of \$30,500 through reduction of low activity units. A study should be undertaken to determine what space is available and what method of input/output transportation would be most economical.

39. Improve environmental controls in the computer room as well as file security of the Revenue Data Center.

Certain environmental controls are currently lacking in the computer room. The following changes are necessary to safeguard the operation:

- ▶ Greater security precautions are needed to prevent unauthorized personnel from entering the Revenue Data Center. A card release lock device is one method which could be used.
- ▶ Fire extinguishers should be increased to four and strategically located within the computer room. Personnel should be trained to use them properly.
- ▶ No smoking signs should be displayed and enforced. Food and drinks should also be barred from the center.
- ▶ A cost evaluation should be made in regard to providing backup facilities for current air conditioning and power supplies.
- ▶ The computer room should be equipped with fire retardant doors.

File security in the center also needs improvement. Changes to be made include:

- ▶ Fire retardant walls and doors should be constructed to house the tape library. All paper supplies should be stored in a protected area outside the computer room.
- ▶ Doors to the computer room and tape library should be locked when the equipment is not in operation or attended.
- ▶ Only authorized personnel should be allowed in the tape library.
- ▶ A fire extinguisher should be placed in the library.

- ▶ Tape history records should include location and accountability for each reel, number of read/write errors encountered, length of feet in each reel, last cleaning date, and scheduled cleaning date.
- ▶ A tape cleaning program should be established.
- ▶ A formal trouble report system documenting causes for reruns should be administered by the tape librarian. They should be the source for updating tape histories.
- ▶ An emergency procedure should be developed and used to train personnel in fulfilling their responsibilities.
- ▶ Tapes in sealers should not be piled on top of each other or stacked on tape drives.
- ▶ Copies of program run books should be placed in fire protective vaults with existing tapes.
- ▶ Program source decks should be maintained on the tapes and also stored in vaults.

Potential costs and savings should offset one another although no specific amount is claimed.

40. Establish machine and personnel performance measurements as well as modern scheduling techniques for use in the division.

Currently, there is no use made of record processing data to provide information on computer operating efficiency, utilization, and reruns. Other tools needed include quality and quantity measurements for personnel as well as scheduling techniques to ensure optimum utilization. No savings are claimed.

Department of State

This department keeps copies of official acts of the General Assembly, the Governor, and government agencies as well as authenticating the authority of government officials. It also issues permits, licenses, commissions and appointments, and administers certain laws.

CURRENT OPERATING METHODS

Department operations are supervised by two deputy secretaries. The Deputy Secretary for Administration is responsible for the Bureau of Administrative Services, Corporation Bureau, State Employees' Retirement Board, and Municipal Employees' Retirement Board. The other deputy supervises the Bu-

reaus of Professional and Occupational Affairs; Bureau of Commissions, Elections, and Legislation; Athletic Commission; and Charitable Organizations and Auctioneers Licensing Unit. The department's operating expenses for fiscal 1972 are estimated at almost \$3.5-million. Revenues are expected to be \$4.7-million from excise taxes and licensing fees. Staff totaled 254.

The Bureau of Administrative Services provides systems analysis, personnel management, and office services and supplies for the department. The Corporation Bureau records articles of incorporation and administers corporation laws of the common-

wealth including collection of excise taxes. It also registers liens, trademarks, and fictitious names. The Bureau of Professional and Occupational Affairs issues licenses authorizing the practice of 19 professions and occupations. Each has its own examining board. The Bureau of Commissions, Elections, and Legislation handles notaries public appointments, keeps records of state board members, administers election laws, and registers new legislation. The Athletic Commission regulates professional boxing and wrestling. The Charitable Organizations and Auctioneers Licensing Unit supervises approximately 1,400 charities and auctioneers.

APPRAISAL OF OPERATIONS

Apart from the two retirement systems, the department is basically a recordkeeping, registry, and licensing office which has been inefficiently run. Present administrators are aware of the shortcomings and are seeking ways to improve operations. Records of commissions are maintained in ledgers, making information retrieval difficult. There is a long delay in approving new corporations and these records are incomplete and unpurged. Scheduling of licensing activities for professions and occupations is uneven, resulting in peak loads. Field inspection of licenses is inadequate and investigators are not fully qualified.

RECOMMENDATIONS

1. Transfer the Corporation Bureau from the Department of State to the Department of Revenue.

The Corporation Bureau is responsible for collecting excise taxes on the initial capital of domestic corporations and on capital increases of domestic and foreign corporations. All other corporate taxes are collected by the Department of Revenue. Eliminating the division of this responsibility will unify tax administration and simplify compliance by taxpayers. Since the Bureau of Corporation Taxes will have the EDP capability to program the necessary applications, there will be an annual saving of approximately \$234,000.

2. Eliminate the position of Deputy Commissioner of Professional and Occupational Affairs.

The commissioner and the professional or occupational regulatory boards have sufficient capability to handle assigned responsibilities. Also, the supervision of 30 investigators could be performed by the supervisor of the Law Enforcement Division. Elimination of the deputy commissioner and his secretary would provide an annual saving of \$25,300.

3. Institute an admissions tax on boxing and wrestling shown on closed circuit television.

The present tax does not apply to events shown on closed circuit television unless there are live matches presented before the TV show begins. To avoid the tax, promoters deliberately exclude these preliminaries. By instituting a tax on televised events, the commonwealth should realize an additional annual income of \$50,000.

State Employees' Retirement Board

This board operates under the State Employees' Retirement Code and its amendments. All salaried state employees, per diem personnel working 100 days or more, and hourly workers employed for 750 or more hours become members of the retirement system on their first day of employment.

The system is a contributory program and employee contributions for 1970 totaled \$51.7-million. Vesting occurs after 10 years' service. The basic retirement annuity is normally the product of average pay for the highest five consecutive 12-month periods multiplied by 2% and total years of service. A social security integration plan, two types of long service supplements, and death benefits are also provided. The program covered 111,800 active employees and 19,710 annuitants on July 1, 1971. The average monthly annuity is \$199.68. The state contribution to meet actuarial requirements for fiscal 1972 was set by an independent actuary at 7.95% of the total payroll. This amounts to \$66.8-million.

The board, which meets five times a year, is located administratively in the Department of State. It is charged with general management of the fund and is aided by an investment advisor, a mortgage investment supervisor, an actuary, and legal counsel. The board also selects a secretary to supervise administration of the system. Expenses for fiscal 1970 were \$584,000. The fund portfolio had a total book value of \$815.3-million on September 30, 1971.

The retirement system is so complex it is almost impossible to administer efficiently. Benefits are excessive compared to other states and industry. The plan is seriously underfunded. It takes several months to issue the first pension check to annuitants.

RECOMMENDATIONS

4. Adopt a crash program to eliminate the backlog in processing new annuities.

There is a delay of four months or more from an employee's retirement until he receives his first

pension check. A priority program should be established to bring this time period down to one month. The estimated one-time cost would be \$25,000.

5. Convert the board's operations to a fully computerized system serviced by the Bureau of Management Information Systems.

The proposed conversion would use data already available in the BMIS personnel records system to simplify and improve the board's operating procedures. Two phases are involved in implementation:

- ▶ Expedite early completion of historical personnel data for employees now in the BMIS records.
- ▶ Convert data on employees not in the system to this application.

It is expected that existing personnel and systems can be used to implement this proposal with a one-time cost of \$50,000. At completion, staff reductions would provide an annual saving of \$160,000.

6. Adopt interim administrative changes to provide early operating and service improvements.

While long-range improvements are being made in the system, the following interim procedures should be adopted for immediate benefits:

- ▶ Permit retirements only at month-end with a six-month notice required from the employee.
- ▶ Provide that liens by the credit union against retirement accounts be noted on the employee's personnel records to simplify the processing of retirement papers.

7. Cancel any proposed increases in retirement benefits pending overall revisions in the system.

Pennsylvania's benefits are already substantially higher than many comparable states. Proposed increases should not be approved until a complete study has been made of the recommendations for changes in the system.

8. Establish a task force, appointed by the Governor, to formulate policy on retirement program objectives and to develop plans to implement it in coordination with other employee benefits.

A definite policy is essential in designing and administering a retirement plan in a logical and responsive manner. The task force should establish the following:

- ▶ Level of benefits including social security to be provided career employees.

- ▶ Qualifications for full benefit eligibility.
 - ▶ Extent of employee contributions made for such programs.
 - ▶ Amount of death and disability benefits to be provided by the retirement plan.
- 9. Revise the retirement plan to include lower benefits for future service only, simplification of the plan, and elimination of inconsistencies.**

The plan now provides overly liberal benefits compared with industry and many other states. Total annual costs for employer/employee contributions are equivalent to more than 15% of payroll versus a prevailing 7% to 10% level. Accordingly, the proposed task force, in developing the policy statement and plan revisions, should seek to accomplish the following:

- ▶ Establish a retirement plan which (when integrated with compensation and other employee benefits) will be more realistic in relation to prevailing practice, yet fully adequate in meeting employee needs (some employees now can retire with more after-tax income than when working).
- ▶ Revise the benefit formula to establish benefits for future service only at levels comparable with other states and industry. There would be no change in existing annuities or past service credits for current employees.
- ▶ Simplify plan features and eliminate inconsistencies and inequities.
- ▶ Establish a normal retirement age, such as 65, with no further pension credits thereafter. Include a discount feature for earlier retirements to cover part of the added actuarial cost.
- ▶ Abolish the provision permitting an employee to repurchase former service credits when re-entering state service.
- ▶ Consider the possibility of eliminating employee contributions at some future date, and reexamine the handling of death and disability benefits in relation to separately provided group insurance coverage.

Implementation of this recommendation could reduce total annual pension costs by about 5% of the payroll, with a conservative annual saving of \$40-million at present payroll levels. This saving could be used in three ways: to make up present deficiencies in the fund over a period of years; to reduce employee contributions; and to hold down increased state contributions that otherwise would be required.

10. Provide for mandatory retirement at 65 with limited flexibility for extensions and retirement replacements.

Approximately 5% of the state employees are over 65 with a significant number in their 70's and 80's. It is estimated that not more than 10% of this group represent second-career employees in professional or technical ranks, whose services might be needed on a limited basis up to age 70. Half the remaining number of commonwealth employees could be replaced with younger and lower paid personnel. The other half of this portion of the employment force need not be replaced.

Setting a mandatory retirement age of 65 would increase pension costs by \$18-million annually. However, the annual saving from reduced staffs could reach \$27-million per year.

11. Establish a one-year waiting period before new employees can join the retirement plan.

The primary purpose of such a waiting period, a practice widely used in industry, is to simplify administration and reduce costs. While no dollar savings are claimed, it should result in improved service and administration activities.

12. Establish more realistic actuarial requirements for the retirement plan.

More than two years ago, the plan's actuarial liability was almost \$1.9-billion while assets totaled only \$708-million. Since then, the situation has deteriorated. Several factors must be considered in putting the actuarial valuation on a more realistic basis:

- ▶ Assets must cover estimated pensions for current annuitants and active employees.
- ▶ Since benefits are based on final pay in most cases, estimates must include probable salary increases.
- ▶ An understatement of plan liabilities can be offset in part by an increased rate of investment return, but this has not been the practice in Pennsylvania.
- ▶ Present valuations assume a profile of retirement ages that average out to 62, but the trend is to even earlier retirement, which will increase plan costs.

13. Require state contributions to the retirement plan be made throughout the year.

Pennsylvania is supposed to make contributions to the retirement plan twice a year. Recently, these have been deferred and the commonwealth now owes

some \$50-million for prior years. Approximately \$68-million more will be due for fiscal 1972. The state contribution should be paid to the fund in 26 installments throughout the year. The effect would be to increase investment income to the fund by \$1-million annually. The annual interest cost to the commonwealth would be \$300,000.

14. Authorize investment of retirement funds in equities up to at least 25% of the total value of the portfolio.

This practice is in line with established procedures of both public and private pension funds. Implementation should raise the investment return by 1% to 2% for an annual increase in income of about \$10-million.

15. Place management responsibility for fund investments in the hands of professional managers.

If equity investments, as recommended elsewhere, are permitted, the investment responsibility will take on a new dimension and fund management should be placed in the hands of professional managers who can supervise the portfolio on a full-time basis. No specific savings are claimed.

16. Provide in-house capabilities for handling actuarial / financial / statistical studies needed for effective management.

While there is a need for independent professional guidance, the rising costs of the retirement system make it mandatory to provide internal capabilities to conduct analytical studies required for sound management decisions.

17. Develop a comprehensive employee communications program to explain the plan and periodically give individuals an estimate of benefits.

Since the plan is extremely complex, an effective communications program is needed to make employees more aware of the benefits they will receive and to keep them informed on changes made in the system. It should also help in attracting and retaining career employees and help reduce employee questions concerning benefits.

18. Codify the rules, regulations, and interpretations currently governing the retirement plan's administration.

Over the years, administration of this plan has generated many rulings and interpretations. These should be combined and updated into a single administrative manual.

19. Establish a separate retirement system for elected officials.

The present system has been adjusted in various ways to make it applicable to elected officials as well as appointed career employees. This has only added to the complexity of the retirement plan. With the increasing impact of collective bargaining for a large portion of full-time state employees, it becomes even more desirable to recognize the differences between elected officials and regular employees. Pro-

viding two plans, each adapted to the employment conditions of a specific group, would help solve the problem.

20. Consider merging the administrative staffs of the State Employees' and Pennsylvania Public School Employees' Retirement Boards.

It may be desirable to continue maintaining separate retirement boards, but the operating procedures are so similar that the administrative staffs might be merged for more efficiency.

State Tax Equalization Board

This board determines, on an annual basis, the aggregate market value of taxable real property in each political subdivision and school district throughout the commonwealth.

CURRENT OPERATING METHODS

The State Tax Equalization Board consists of three members appointed by the Governor for terms of four years. The chairman, who is designated by the Governor, is in charge of administering a 42-person staff headed by the Director of Operations.

The certified market values of taxable real property established by the board are used by the Department of Education to help determine the allocation of state subsidies to local school districts. The staff of this board is divided into two sections, Property and Valuation and Data Processing and Management Records.

To facilitate the analysis procedure for property record cards, the Property and Valuation Section is divided into three territorial areas: Philadelphia, Harrisburg, and Pittsburgh. Fiscal 1972 expenditures will total approximately \$554,000.

APPRAISAL OF OPERATIONS

The board is carrying out its responsibilities effectively and its duties do not overlap functions carried on by other bureaus. However, it is overstaffed and data processing equipment use is unsatisfactory.

RECOMMENDATIONS

1. Eliminate the State Tax Equalization Board and transfer its functions.

Operations of this board are the responsibility of its director. The commissioners, in addition to providing policy guidance to the director, preside at hearings requested by school districts appealing their current property evaluations. This work load is minimal, amounting to 12 hearings annually.

The function could be handled more efficiently by a department secretary or other designated individual. Staff operations would be just as effective if they were transferred to another department as an operating unit. Implementation would allow elimination of the three commissioners for an annual saving of \$50,200.

2. Reduce the board's staff.

The EDP punch card operation employs eight people and spends \$7,300 annually on equipment rental. The work load for this equipment is so small, it should be transferred to other areas where ample machine time is available. In addition, the clerical staff has been operating with four vacancies and has had no build-up in work backlog. Therefore, elimination of seven data processing personnel plus the equipment and abolishment of four vacant clerical positions is feasible. The annual saving would be \$61,900. There would be a one-time cost of \$900 to transfer the card operation to a central data processing installation.

SECTION II

***Regulatory, Protection,
and Natural Resources***

The Governor's Review of Government Management – 1972



Department of Banking

This department regulates state-chartered banking, savings, trust, mortgage, loan, and miscellaneous consumer credit institutions. It upholds the laws and publishes rules and regulations concerning prevention of fraud and safe conduct of business as well as protection of the public interest.

CURRENT OPERATING METHODS

The Secretary of Banking is appointed by the Governor for a term of four years. The department, including the Pennsylvania Securities Commission, incurred expenditures of \$3-million for fiscal 1971 and budgeted this amount for fiscal 1972. Current staff totals 192 with 16 additional positions authorized. Of these, 113 are located in the Philadelphia and Pittsburgh regional offices, including 108 examiners. The department is organized into Banking, Savings Association, Consumer Credit and Administrative Services Bureaus.

The Banking Bureau supervises the granting of charters and regulates 178 state-chartered banks and 778 branches with assets of \$18-billion. The Savings Association Bureau supervises and regulates 499 state-chartered institutions with assets of \$3.2-billion. Consumer Credit regulates persons engaged in financing installment sales of motor vehicles, making loans of \$3,500 or less, pawnbroker operations, and credit unions. The Administrative Services Bureau manages internal affairs for the department. The Pennsylvania Securities Commission regulates dealers and salesmen offering securities to the public. Department expenses are recovered from the people and institutions supervised and it transfers the excess of about \$200,000 yearly to the general fund.

APPRAISAL OF OPERATIONS

Department personnel are knowledgeable in current banking affairs. The Savings Association Bureau is particularly well managed. However, the remainder of the department is overstaffed and organizationally disjointed. Specifically, the Consumer Credit Bureau, except for regulating credit unions, and the Pennsylvania Securities Commission bear little direct relation to the basic functions of the department. In addition, fees charged state-chartered institutions are in excess of department operating costs.

Duplication of bank examinations is common. Most state-chartered banks are members of the Federal Deposit Insurance Corporation and some are mem-

bers of the Federal Reserve System, making them subject to examinations from these agencies as well as the commonwealth's Department of Banking. The majority of activities of the Pennsylvania Securities Commission duplicate those performed by agencies such as the Securities and Exchange Commission.

RECOMMENDATIONS

1. Reorganize the Department of Banking and transfer consumer-oriented activities to the Department of Justice.

Except for regulation of credit unions, activities of the Consumer Credit Bureau relate to the protection of the general public. Consolidation of this function within the Department of Justice would be appropriate and can be achieved without additional personnel. Implementation will provide more effective use of administrative, legal, clerical, and examining personnel and make it possible to eliminate eight positions for annual savings of \$98,600.

2. Abolish 16 vacant positions.

The majority of these authorized positions have been vacant and remained on the rolls for more than 90 days, violating an executive order to eliminate positions not filled within that period. Indications are that utilization of clerical personnel ranged from 25% to 75%. Annual savings would be \$206,000.

3. Reduce the size of the examiner and clerical staffs.

The number of examiners in the Banking Bureau has increased by 43% since 1967, while the work load has grown less than 20%. Although the number of banks, including branches, has increased 24% during this period, the number of institutions examined has decreased 11% and the value of loans is estimated to have increased by only 18%. In view of the bureau's current and anticipated work load, the personnel should be reduced by six examiners and five clerks, resulting in annual savings of \$131,000.

4. Reduce the number of examiners in the Banking Bureau by using the examination system and forms developed by the Federal Deposit Insurance Corporation.

Use of the FDIC system and forms facilitates collection and review of the data required by FDIC examiners. If used by examiners in the Banking Bureau and modified to allow for other requirements

of the commonwealth, the system should simplify the current work load. The department now has 49 district examiners. Implementation will result in a staff reduction of three for annual savings of \$41,300. The system could be installed in less than six months, using current bureau personnel.

5. Adjust fees charged to state-chartered financial institutions to equal the department's cost of operation.

The bureaus within the Department of Banking, with the exception of the Savings Association Bureau, charge state-chartered institutions service fees which are in excess of operating costs. The inequitable fee structure in this department allows it to transfer \$200,000 in excess fees to the general fund each year. Based on fiscal 1971 figures, implementation will reduce fees collected from institutions other than savings and loan associations by \$240,000 per year. Charges to savings and loan institutions will be increased by \$40,000. Therefore, the estimated annual income will be approximately \$40,000 and the annual cost \$240,000.

6. Cease publication of the Pennsylvania Securities Commission Annual Report.

The other areas of the department ceased publishing similar reports in 1961. Although the report's principal function is public relations, the list of dealers and investment analysts is out of date and the number of reports published is insufficient to reach a substantial portion of the investing public. Since this activity is of questionable value, it should be eliminated for annual savings of \$1,500.

7. Replace the Pennsylvania Securities Commission with a single administrator.

Currently, the three-man commission plus the Secretary of Banking, who is an ex officio member, meet one day per week. Each of the commissioners receives \$13,000 annually. A full-time administrator at a cost of \$19,000 per year, available five days per week, would provide better administration and reduce commission costs. The annual saving would be \$39,000.

8. Eliminate redundant examinations conducted by the Pennsylvania Securities Commission.

The commission examines interstate security dealers for strength of capital structure although these reviews duplicate those conducted by the Securities and Exchange Commission and other agencies. Acceptance of SEC findings, supplemented by whatever information is necessary to comply with Pennsylvania law, will limit examinations to those few dealers who deal solely in intrastate securities. Estimated savings by eliminating nine positions will total \$109,000 annually.

9. Use the Federal Savings and Loan Insurance Corporation's computer-prepared examination data in the Savings Association Bureau.

At present, the federal information is not sufficient to be useful to the bureau. However, introduction of a computerized data system should make the information more complete and usable by the bureau. Implementation will permit a reduction of three examiners with resultant annual savings of approximately \$42,100.

State Council of Civil Defense

This council coordinates state and local activities relating to national and state civil defense as well as natural disasters. Additionally, it integrates the activities of 2,000 local civil defense units within the commonwealth and provides liaison with other states and the federal government.

CURRENT OPERATING METHODS

There are 48 employees and 51 authorized positions for the council. Of these, 29 are located in Harrisburg. Expenditures for fiscal 1971 totaled \$620,000 of which \$310,000 was supplied by the federal government. These expenditures increased 20% from

a level of \$515,000 in fiscal 1967. The 1972 budget is \$642,000 of which \$295,000 are federal funds. The council maintains a fully equipped, radiation-proof command center in Harrisburg to coordinate state and local civil defense activities including:

- Planning local organization activities and training personnel in approximately 2,000 communities throughout the commonwealth.
- Establishing and maintaining a statewide communications system.
- Operating the civil defense warning system in cooperation with the state police.

- ▶ Maintaining radiation detection equipment.
- ▶ Providing technical advice to state and local officials concerning emergency operational matters of civil defense and national disaster.
- ▶ Administering the distribution of federal funds for civil defense.

The council also manages a program covering storage and utilization of 167 federally-owned packaged disaster area hospital units. These are stored in 162 locations and are valued at \$5.6-million. Additionally, the council supervises storage and use of 1,650 state-owned first aid supply units at 120 locations with a total value of \$3-million.

APPRAISAL OF OPERATIONS

Although the council has essentially completed its mission of establishing local civil defense units, it continues to incur increasing expenses. In carrying out its mission, the council has created a plethora of locally-financed civil defense units in 80% of the commonwealth's 2,500 political subdivisions to whom it has zealously rendered its services.

Further, there are several areas of unnecessary and redundant responsibilities with other state agencies. These include the communications network and the effective centralization of command during a national emergency or natural disaster.

RECOMMENDATIONS

1. Eliminate 10 persons currently employed by the council.

In the past few years, the demand for civil defense services has remained constant in the areas of disaster assistance, communications, shelter planning, system testing, and maintenance. Demands in the areas of planning for statewide disasters, energy resource allocations, and development of training programs and physical facilities have declined. However, the operating costs of the council, 50% of which are federal funds, have risen 20% since 1967 to a total of \$620,000 in 1971.

By reviewing job descriptions, trends in department activities, and assistance rendered during the 1971 flood disaster in Chester and Norristown, it can be concluded that five clerical and support persons in Harrisburg and three security guards at the Edward Martin Military Reservation should be eliminated. In addition, two currently vacant positions in the Harrisburg office should be abolished, bringing the staff reduction to 10 for total annual savings of

\$68,200. Half of this amount will be federal funds. There will be an annual cost of about \$11,200 for a state trooper to provide security for the civil defense warehouse at Indiantown Gap.

2. Combine the communications networks now used by the State Council of Civil Defense and the Pennsylvania State Police.

Both the council and the state police operate communications networks. Both have a central switcher, leased telephone lines, and send/receive terminals. The National Warning System is already linked with the State Police Communications Center and incoming messages are monitored over a full 24-hour period. The council's system is attended only during working hours. The operational cost of the council system was \$106,000 for 1971.

According to preliminary studies, elements of the recently developed Commonwealth Law Enforcement Assistance Network could be used if the two systems were combined. These include a central computerized switcher as well as leased lines close to the council's remote locations. Thus, only new leased terminals and short distance leased lines would have to be installed at council locations. The combined system will be 15 times faster than the existing networks and will provide a transmission error checking feature. Implementation will provide annual savings of \$45,000 of which half will be state and half federal funds.

3. Transfer the council into the organizational structure of the state police.

The proposed transfer would eliminate redundant support functions while still providing the basic civil defense functions such as planning, training, updating procedures, administering local defense units, and coordinating disaster assistance and warehouse supplies. Support functions such as communications, duplicating services, switchboard, training film distribution, and vehicle service would be provided by the state police.

Expansion in time of emergency would be improved because of the greater backup available in the state police. Three council offices could be combined with state police installations for increased operating efficiency.

Implementation would reduce the council staff to 20 and provide annual savings of \$86,500 to the state and \$86,500 to the federal government. The cost would be \$15,000 per year of which half would be paid by federal funds.

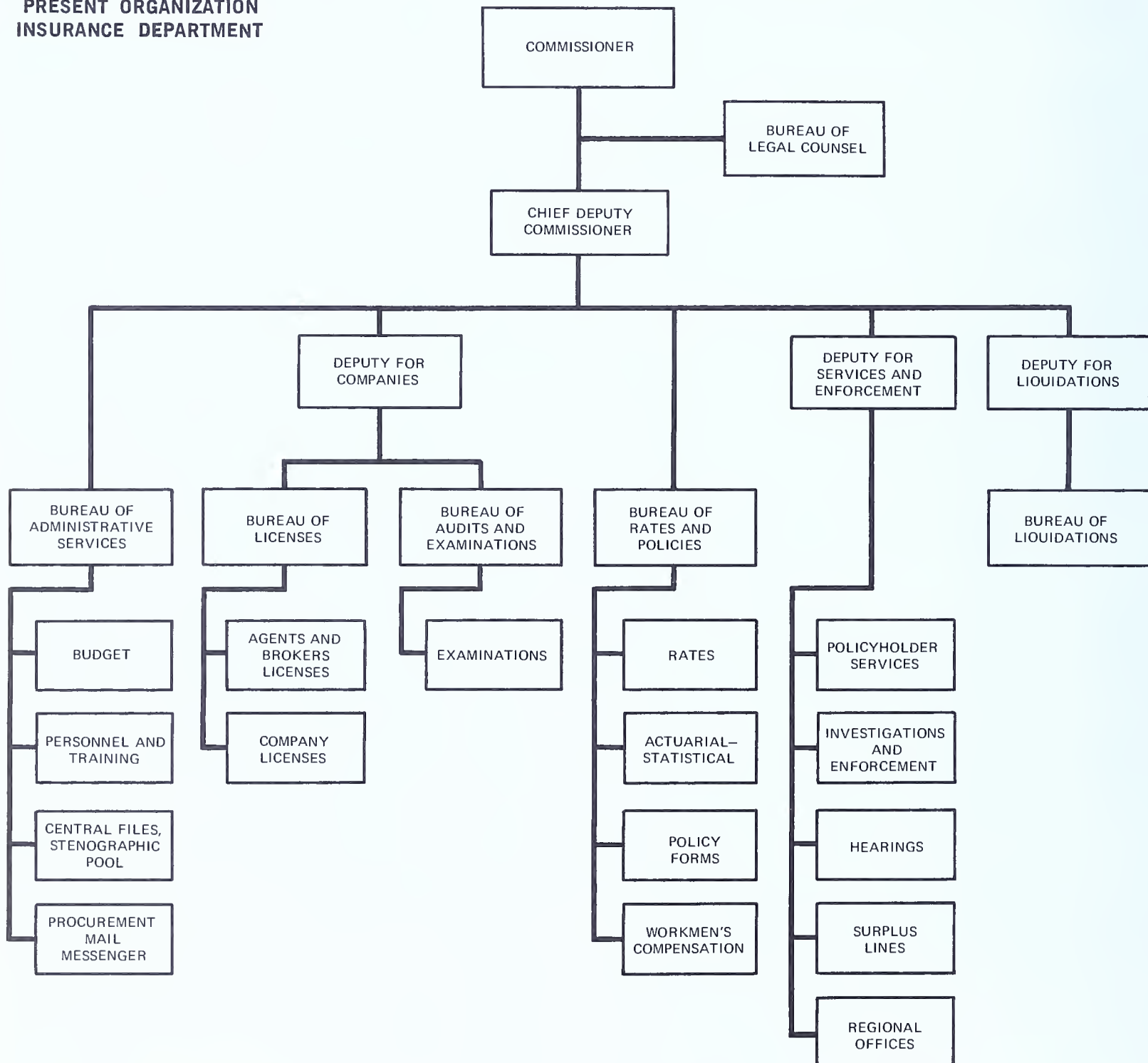
Insurance Department

The Insurance Department licenses and regulates insurance companies doing business within the commonwealth. It also passes on the actuarial soundness of the State Employees' Retirement Fund and manages the investment portfolio of the Stock and Mutual Workmen's Compensation Security Funds.

CURRENT OPERATING METHODS

This department is organized into the Office of the Commissioner, the Bureau of Administrative Services, and four operating units. A chart of the present organization is illustrated below. During fiscal 1971, the department employed 258 people and spent

PRESENT ORGANIZATION INSURANCE DEPARTMENT



\$3.01-million. The fiscal 1972 budget authorizes 232 employees and expenditures of \$3.08-million. Fees and fines during the last fiscal year amounted to \$2.14-million.

The Division of Companies contains two bureaus which examine applications of insurance companies which wish to do business in Pennsylvania and review annual reports of all such companies registered in the state. It uses 35 examiners to audit approximately one-third of the registered companies annually. This division also conducts written examinations to qualify agents, brokers, and public adjusters to practice in Pennsylvania. Licenses are renewed annually.

The Bureau of Rates and Policies approves applications for insurance rates and policy changes before they become effective. An added duty is to examine the actuarial soundness of the State Employees' Retirement Fund each year. The Division of Services and Enforcements supervises consumer protection activities. This organization handles a monthly case-load of from 2,000 to 3,000 complaints.

The Division of Liquidations and its associated bureau handle disposal of insolvent insurance companies, distributing the proceeds to creditors, policyholders or stockholders. This division is currently involved in litigation which contends that, although required by law, it has no authority to assess policyholders of an insolvent company. Pending settlement, the division has had to seek operating funds from the commonwealth. This amounted to \$225,000 in fiscal 1972.

The Bureau of Administrative Services performs staff support functions such as budget preparation and control, personnel management, recruiting, training, and purchasing. The budget for fiscal 1972 amounts to \$414,000.

APPRAISAL OF OPERATIONS

The existing operating deficiencies are a carry-over condition and recognized by the current administration. At present, this department is disorganized, operates at a low level of efficiency, and suffers from a lack of internal cooperation. There has been a shift from control through regulation to consumer protection through prosecution. This is causing frustration in the administration because of the lack of qualified personnel to implement programs to attain the new goals.

Work areas are below standard while office procedures, equipment, and systems are vastly inferior

to those used in industry. Fees for departmental services do not cover costs and unnecessary tasks have resulted in overstaffing. Assignments which are beyond the department's authority have been made and should be reassigned for greater efficiency. Decentralization of the organization has increased operating costs without improving service. Misuse of assessing power in regard to insolvent companies has resulted in shortages and unnecessary expenses.

RECOMMENDATIONS

1. Increase the annual license fee for insurance brokers to \$35.

Legislation is pending to increase the fees charged by the Insurance Department. One provision raises the license fee for insurance brokers from \$10 per year to \$20. This still would not bring the charge to a satisfactory level and should be amended to \$35. Although a sizable addition, it is competitive with rates charged by other states and comparable with charges paid by other licensed persons.

With approximately 15,000 brokers renewing licenses annually, the additional \$15 will generate \$225,000 in new income each year. The fee level should continue to be reviewed on a regular basis to assure that it is sufficient to cover service costs.

2. Implement a computerized system for processing records and license renewals for insurance agents and brokers.

Processing of records and license renewals is a routine task similar to that now performed by computer for several other government agencies. A study completed in 1970 estimates it would require eight months and an expenditure of \$26,000 to implement such a system and operate it for the first year. Thereafter, the operating cost would be \$4,000 annually. Putting the records and renewals on a computer program would provide annual saving of \$30,000 through the elimination of four positions.

3. Eliminate seven examiners and an actuarial assistant auditing company annual reports and replace their services with an existing commercial computer service.

Certain financial data must be filed annually by insurance companies in the states where they write policies. The form used to collect the data is standardized and computations which can be performed by computer have been developed.

Michigan and California currently use this service and have had supplemental software developed to permit additional tests required by state statutes.

Basically, once the data have been transferred to a machine-readable format, any calculations required can be specified. Implementation of a centralized computer service would eliminate the need for seven examiners and one actuarial assistant, providing an annual saving of \$81,600. The one-time cost of customized software would be less than \$17,000.

4. Assign the responsibility for the previously abolished management systems function to the Director of the Bureau of Administrative Services.

Although the Insurance Department has abolished the management systems position, the need for someone to assume this responsibility is acute. A thorough management study of the department has been made, but there is no one to implement the findings. Therefore, the Director of the Bureau of Administrative Services should be assigned the responsibility of incorporating management systems changes within the department. No savings are claimed.

5. Implement an orderly system for scheduling and processing annual reports from insurance companies.

Annual reports are now presented to state examiners in alphabetical groupings. Instead, they should be scheduled by risk category according to historical records on solvency. A weekly schedule should also be established for processing, with the time required based on the size of the individual statements. To ensure consistency on the part of the examiners, a clearly outlined procedure for reviewing the reports should be established. In addition, examiners should concentrate their efforts on certain companies, leaving those with consistently strong records for examination at intervals of greater than one year. Implementation will eliminate the need for one examiner and provide annual savings of \$10,500.

6. Reduce the format, size, content, and distribution of the Insurance Department's annual report.

There is a statutory requirement that the Insurance Department publish an annual report. The following steps, currently under discussion by departmental administrators, should be implemented immediately:

- ▶ Print in paperback only.
- ▶ Eliminate tables and statistics not specifically required by statute and available in privately published documents.
- ▶ Permit companies to purchase their copies directly from the publisher.
- ▶ Limit distribution to state agencies.

Present printing costs are \$30,000. The department estimates that a \$20,000 reduction in cost is possible. Therefore, implementation would provide an annual saving of this amount.

7. Relocate the Harrisburg regional office for policyholder services to the Finance Building.

The Harrisburg regional office now occupies rented quarters which are greatly in excess of its needs. The annual rent is \$13,600. Moving this operation to available space in the Finance Building will provide an annual saving of \$13,600. The one-time cost for relocation is estimated at \$1,000.

8. Eliminate eight of the persons employed in Policyholder Services.

As previously recommended, the Harrisburg regional office and the headquarters staff of the Insurance Department should be combined in a single location. This will allow certain activities now performed by regional office personnel to be assumed by the headquarters staff. Implementation will eliminate the need for four people.

In fiscal 1971, the Philadelphia regional office processed policyholder complaints for a total recovery of \$753,000 with a staff of 12 investigators. During the same period, the Pittsburgh office recovered \$390,400 with a staff of three investigators. Reducing the Philadelphia staff by four will provide a more efficient distribution of the work load. Total annual savings are estimated at \$60,300.

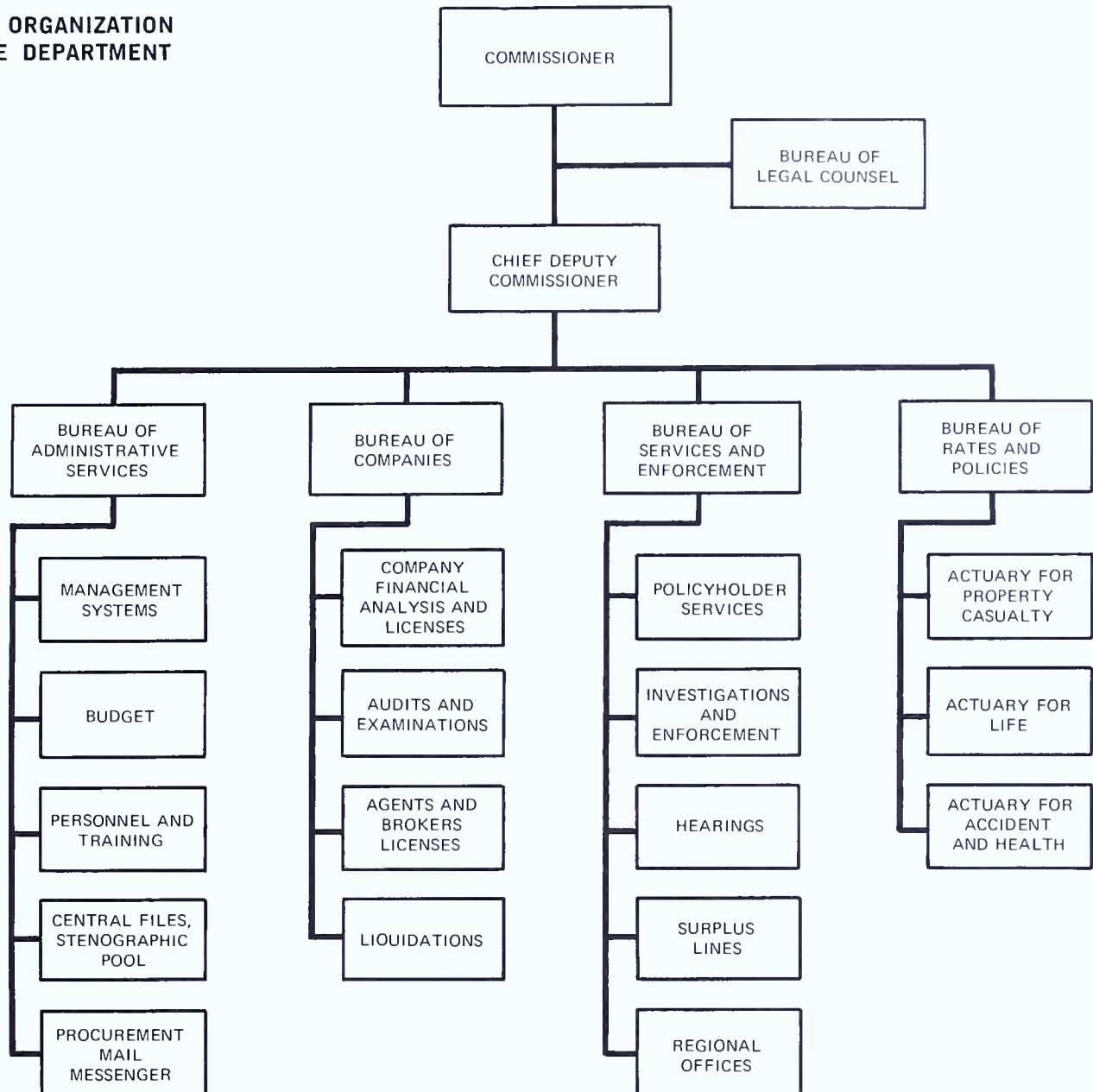
9. Eliminate the assistant director positions in the Bureau of Rates and the Bureau of Licenses as well as the currently vacant post of Deputy for Services and Enforcement.

The assistant directors perform office manager duties in what are already overstructured organizational units. These positions should be abolished and any necessary functions absorbed by the director or a designate. The job of Deputy for Services and Enforcement can be assigned to the current Chief of Policyholder Services. Implementation will provide annual savings of \$53,800.

10. Reorganize the Insurance Department.

To eliminate duplication of effort and permit consolidation of certain functions, the number of deputies, bureaus, and bureau chiefs has been reduced as recommended elsewhere. Remaining administrators must have a high level of management expertise. They need to develop standards and other controls to improve work performance and provide efficient scheduling.

**PROPOSED ORGANIZATION
INSURANCE DEPARTMENT**



Since each bureau in the department processes a large volume of documents, controls are needed to monitor the quantity and quality of the output. Combining functions, as depicted in the proposed organization chart which is shown above, will provide the following benefits:

- ▶ Within the Bureau of Companies, where the basic function is to examine companies and license agents and brokers, all types of company examinations will be better coordinated. In addition, the bureau's span of control will be reduced to a more effective level.
- ▶ Changes in the Bureau of Rates and Policies will provide emphasis in the technical area of actuarial computations. This is a critical function and should be supported by the bureau's remaining sections.

- ▶ The responsibility of management systems analysis will be performed or delegated by the Director of the Bureau of Administrative Services. Implementation of computer-based and traditional flow systems must be accelerated.
- ▶ The Bureau of Liquidations will be reduced to a division within the Bureau of Companies. This function must be closely controlled and, preferably, eliminated. Since the bureau obtains its operating funds from companies being liquidated, it has been motivated to extend the liquidation process to the detriment of the commonwealth.

The proposed reorganization is expected to greatly improve operating efficiency. In addition, elimination of five positions will result in annual savings of \$75,600.

Milk Marketing Board

The board was created to regulate the commonwealth's milk industry. One of the directors is designated by the Governor to supervise the Bureau of Consumer Affairs.

CURRENT OPERATING METHODS

The board's major functions are to stabilize milk prices within the commonwealth and to ensure that milk is not sold below its cost of production. Its primary price control effort is at the dealer level and his cost is dependent on butterfat content and the proportion of the product used as fluid and as food ingredients. Resale prices are controlled through monthly reviews of dealer operating statements and field audits.

Day-to-day operations are directed by an Executive Secretary appointed by the board. He supervises the Bureaus of Accounts and Statistics, Enforcement, and Administration. The Bureau of Consumer Affairs is responsible for consulting with representatives of consumer groups, making recommendations for actions deemed necessary because of these meetings, and disseminating information in regard to board activities. For fiscal 1972, the total budget was almost \$990,000. Of this, \$550,000 will come from general funds and \$440,000 from license and fee permits.

APPRAISAL OF OPERATIONS

The board has made some progress in improving its operation through the appointment of a professional economist as Executive Secretary. However, it has been less than fully effective in financial and butterfat content audits, establishment of equitable resale prices, and administration of the Bureau of Consumer Affairs. Also, the bureau is being supervised by the Executive Secretary rather than a board member as was the intent of the Legislature.

RECOMMENDATIONS

1. Repeal the Milk Marketing Law.

There are indications that this law has outlived its usefulness. It is no longer a viable source in slowing the decline of milk dealers and producers and composite price setting tends to provide some dealers with far more than a reasonable return. Repeal will not mean loss of control. The Department of Agriculture could absorb the licensing function and include butterfat measurement as part of its other

tests. The annual saving would amount to \$990,000. Existing penalties and other sections which should be retained could be incorporated into the Milk Sanitation Law. The following recommendations should be implemented only if the Milk Marketing Law is not repealed.

2. Eliminate the Bureau of Enforcement.

There is a wealth of financial and butterfat test data on which statistical control limits can be based with confidence. Establishment of such limits will eliminate the need for a physical audit. Implementation will require an annual expenditure of \$75,000 and produce annual savings of \$667,000 if the Milk Marketing Law is not repealed. No savings are claimed.

3. Transfer personnel, messenger, and budget functions to the Department of Agriculture.

These functions could be conveniently absorbed by the department and implementation would produce an annual saving of \$39,800 if the Milk Marketing Law is not repealed. No savings are claimed.

4. Give precision and accuracy tests to certified testers throughout the year and reexamine testers, weighers, and samplers before renewing their licenses.

Once a license is issued, no retesting is ever done. Such tests should be made as a standard operating procedure by Department of Agriculture personnel.

5. Change the basis for selecting the dealers used to determine a reasonable return level for prices.

The current practice of eliminating the more efficient dealers fails to take into consideration the fact that these firms may account for a significant portion of the milk marketed in their areas. When resale prices are based on a reasonable return to less efficient dealers, the profit factor for the others may become overly high.

6. Eliminate the Bureau of Consumer Affairs.

It is difficult to expect the board to give full weight to consumer costs when setting wholesale and retail prices to ensure adequate returns to producers and dealers. This bureau should be eliminated and the board should provide sufficient time to hear complaints from all consumer groups. No savings are claimed.

7. Strengthen the penalties for milk law violations. Present penalties do little to encourage compliance. The first two violations carry a maximum fine of

\$25. Subsequent violations within a five-year span are misdemeanors and carry a penalty of up to \$1,000. Imprisonment is at the court's discretion.

Pennsylvania Board of Probation and Parole

This board reports directly to the Governor. By law, it is responsible for granting paroles and supervision of parolees from corrective institutions for adult offenders sentenced to a term of two years or more.

CURRENT OPERATING METHODS

The board has an authorized complement of five members, but is currently operating with three. Members are appointed to six-year terms by the Governor and confirmed by the Senate. Although an independent agency, the board's work generally augments that of the Bureau of Correction and the Board of Pardons. Approximately 9,000 case decisions are made annually. Those concerning status of parolees are usually delegated to parole agent supervisors. The current average work load is 45 cases per parole agent.

Offenders may be released from prison before completion of their maximum sentence in one of three ways. The Bureau of Correction may grant a furlough, the Board of Probation and Parole may approve a parole, or the Governor may issue a commutation or full pardon upon recommendation of the Board of Pardons. Parole violations occur in 33% of the cases, most within the first few months after release.

Expenditures for the agency have doubled since 1967. The fiscal 1972 budget is \$6.7-million and includes \$839,000 in federal money. These funds are primarily seed money. They are used to hire and train qualified agents, staff community centers which supervise offenders on probation or parole, and initiate research and public relations programs. The grants require 25% matching funds from the commonwealth or local community.

APPRAISAL OF OPERATIONS

The board's philosophy emphasizes counseling, treatment, and reorientation of offenders to socially acceptable conduct. However, this concept is not yet fully understood or implemented at lower organization levels. An overly centralized decision-making process impedes wide communication and results in

inefficient management practices which require excessive personnel.

The Board of Probation and Parole, the Bureau of Correction, and the Board of Pardons perform overlapping functions and federal money is being used to expand duplicate facilities and personnel. There is no method to measure new program quality.

RECOMMENDATIONS

1. Develop a simplified system to report investigation results and monitor parolees.

Field agents prepare lengthy reports on pre-sentence investigations, pre-parole examinations, and quarterly reviews of parolees. These reports are unnecessarily detailed and must pass through too many people before a decision is made. They could be greatly simplified by using a standardized form to eliminate superfluous data. In addition, quarterly reviews could be reduced to once or twice a year without compromising the quality of supervision. Also, most reports do not require the centralized review and approval procedure which now exists.

The Office of Administration has investigated the board's reporting procedures. Implementation of the study's proposals and simplification of the report forms should eliminate 60% of the district clerical staff, 18% of the district parole agents, and most of the central review employees. Estimated annual savings are \$1.15-million.

2. Eliminate six regional offices authorized by the fiscal 1972 budget.

During 1972, the board will add six regional offices to supervise its 10 districts. This is being done because district supervisors are not properly indoctrinated in the board's philosophy of counseling and rehabilitation. Such unnecessary supervision will not solve the problem. Although the estimated cost is currently 75% reimbursable from the federal government, it will be 100% state-supported in fiscal 1973. Eliminating the offices will provide an annual saving of \$280,000. Of this amount, \$210,000 will be federal and \$70,000 state funds.

3. Charge a fee for pre-sentence investigations and supervision of probation and parole cases requested by county judges.

The board must provide these services when asked. Such requests shift the financial responsibility for offenders from the county's taxpayers to others in the commonwealth. Therefore, a fee should be charged to cover costs. The estimated annual income is \$800,000. The same amount will be an annual cost to local governments.

4. Eliminate the Board of Probation and Parole and the Board of Pardons.

Both boards and the Bureau of Correction are responsible for releasing offenders from correctional institutions. Under this system all three agencies have overlapping release functions and two—the Board of Probation and Parole and the Bureau of Correction—have duplicate community supervision efforts. The public interest would be better served if

the administration of probation and parole activities were merged into the Bureau of Correction, consolidating release and supervisory activities within the Department of Justice.

To implement this proposal, a Board of Appeals with a subsidiary Corrections Review Board should be created. The Board of Appeals would be attached to the Attorney General's office. It would handle appeals from decisions concerning corrections, rehabilitation, and parole, establishing guidelines for these areas. It would also assume duties now residing with the Board of Pardons.

The Corrections Review Board would be located within the Bureau of Correction and would approve bureau recommendations regarding release or return of offenders on furlough or parole. Implementation will provide total annual savings of \$737,000 through reductions in staff and consolidation of community facilities.

Pennsylvania State Police

The Pennsylvania State Police enforces the laws of the commonwealth regulating highway use and assists the Department of Transportation in issuing motor vehicle and operator licenses and certificates of title as well as in collecting related fees. Assistance is also given in collecting taxes on liquid fuels and cigarettes. State police cooperate with local, federal, and other state authorities in preventing and detecting crime, apprehending offenders, and preserving law and order.

CURRENT OPERATING METHODS

The department has an authorized personnel complement of 4,593 which includes 1,149 officers, 2,580 troopers, and 594 civilian employees as well as 135 enlisted and 135 civilian vacancies. The budget for fiscal 1972 is \$68.1-million and includes \$1.6-million in federal funds. Approximately 80% of the total budget is provided by motor vehicle and operator license fees.

The department's basic functions are enforcement of criminal and traffic laws and providing support services. Law enforcement activities required 87% of the budget and 89% of the department's personnel during fiscal 1971 with 78% of the law enforcement man hours spent in areas related to traffic patrol. The remainder is related to criminal investigations.

Support services include operating a training academy for state and local police, manning a criminal identification facility and police laboratory, and providing supply, planning, research, accounting, and transportation functions for the department.

These services also include operation of a computer-oriented communications and information services unit which is developing the Commonwealth Law Enforcement Assistance Network (CLEAN). When operational, this network will be the hub of a rapid information retrieval system for state, county, and local police. About half of the operating costs will be federally funded.

APPRAISAL OF OPERATIONS

The Pennsylvania State Police is staffed with well-trained professionals. The dedication, loyalty, and morale of officers and troopers is impressive. In recent years, it has become a more complex, technologically oriented organization which requires sophisticated managerial techniques. However, opportunities for improvements in document flow, computer operations, records management, and general operating information have been largely ignored.

With the exception of reports and projections prepared by the Fiscal Division, there is no functioning

management information system used for future planning. In addition, the Planning and Research Division, which has the potential to improve internal operations of the force, has been delegated only routine assignments.

Fees for training municipal police are inadequate while the locations of troop facilities are no longer efficient and changes are impeded by the self-interest of certain legislators. Staffing levels and support equipment, such as patrol cars, are not determined on the basis of sound management practices. Some duties assigned to state police do not require the use of a trooper for execution.

RECOMMENDATIONS

1. Eliminate seven area commander positions.

The deputy commissioner in Harrisburg directs field activities of 110 substations throughout the commonwealth. He is assisted by the field commander, who is backed up by seven area commanders who supervise 17 troop commanders. The area commanders, who are one of eight supervisory levels between the commissioner and the troopers, have no staff. As a practical matter, they are often bypassed in communications between state headquarters and troops. Their function of assuming command during an emergency could be assigned to specified troop commanders as required. Elimination of these seven positions would provide annual savings of \$160,000.

2. Move the regional substations at Kiski Valley, Somerset, Bedford, Carlisle, Ephrata, Schwenksville, Fern Ridge, Rockview, and Stroudsburg into nearby turnpike or interstate substations.

These regional units are located within two to 15 miles of seven turnpike and two interstate substations. The substations have vacant space because of the recent elimination of sleeping facilities. Moving the regional operations into them will provide a one-time income of \$116,000 from sale or termination of leases at existing locations and annual savings of \$56,000 in operating costs. Investing the one-time income at 5% will produce an annual income of \$5,800.

3. Integrate 19 interstate and turnpike substations into regional troop operations.

Currently, 10 interstate substations share facilities with regional troop operations. Implementation of a previous recommendation will increase this number to 19. However, two commanders and two organizational structures at the same location are unnecessary and impede trooper assignment flexibility between

limited access and conventional highways. Therefore, the interstate and turnpike highway patrols should be integrated with the regional troops, eliminating the need for 19 substation commanders. It will also permit consolidation of communications facilities at nine substations. Implementation will provide an annual saving of \$855,000.

4. Eliminate the troop commands at interstate and turnpike headquarters at Mylesburg and Highspire.

As a result of implementing recommendations which abolish interstate and turnpike troops as separate units, the commands responsible for these operations will become unnecessary and can be eliminated. Records functions can be assimilated into the troop operations acquiring interstate and turnpike patrol duties while functional responsibilities should be assigned to the field commander at the department headquarters. Elimination of 16 officers, eight civilian employees, and 12 automobiles will produce a total annual saving of \$337,000.

5. Combine certain proximate substations and troop commands and determine the feasibility of additional mergers.

Each county, except Juniata, contains at least one substation. Since their establishment, improved highways have reduced traveling times to the extent that fewer substations and less administrative personnel can provide all necessary services. The Planning and Research Division has already recommended several consolidations of troop commands.

Implementation would provide \$295,000 annually in savings. In addition, two more troop commands and seven substations could be merged for an annual saving of \$847,000 or a total of more than \$1.14-million. There would also be a one-time saving of \$462,000 in construction costs for one of the troop facilities being eliminated. Invested at 5%, this will produce an annual income of \$23,100. It is further recommended that the Planning and Research Division prepare a long-range program for restructuring troop boundaries, substation locations, and patrol zones on a statewide basis without regard to county lines.

6. Discontinue retail purchase of gasoline by turnpike patrol vehicles.

During fiscal 1971, 540,000 gallons of regular grade gasoline were purchased at an average retail cost of \$0.38 per gallon. Bulk purchased fuel is available from 23 turnpike-owned fuel delivery points at a cost of \$0.16 per gallon. Buying gasoline from these points would permit an annual saving of \$118,000.

There would be a loss of Pennsylvania tax revenue amounting to \$43,200. Federal tax is not paid by the commonwealth or the Pennsylvania Turnpike Commission.

7. Locate regional training courses for municipal police departments in existing state buildings rather than in new facilities.

Several bills requiring new municipal policemen be given formal training are now in the Legislature. The Pennsylvania State Police anticipates construction of six training centers at a cost of more than \$1.1-million. Funds have not yet been appropriated for this purpose. Using existing space in troop headquarters buildings and armories throughout the state would eliminate the need for such construction.

8. Revise the application sequence for potential state troopers.

Application for training as a trooper involves a preliminary interview, written examination, background investigation, physical, and oral board review. Applicants must now wait from nine to 18 months for a final decision. To prevent well-qualified persons from seeking alternate employment during the waiting period, a faster sequence is recommended:

- ▶ Accompany the formal application with a complete physical report prepared by a family physician at the applicant's expense.
- ▶ Administer qualifying exams at two-month intervals, advising candidates of their percentile ranking.
- ▶ Conduct background investigations and board hearings on a continuing basis.
- ▶ Notify persons qualifying for admission to the academy immediately.

In addition to improving service to potential state police, implementation will provide an estimated annual saving of \$40,000 by preventing medically unqualified persons from entering the paperwork and investigation process.

9. Increase fees charged by the State Police Academy for training municipal police.

A maximum weekly fee of \$10 per man for academy training was established by law in 1935. No charge is made for courses conducted at municipal police installations. The actual weekly cost of resident training is between \$125 and \$145 per man. Training at municipal police installations costs from \$85 to \$105 per man. Charges for training municipal police are generally covered by federal grants.

Since such funding is not being fully utilized by the commonwealth, it is expected that additional charges could be completely recovered. Fees should be set at \$135 per week for academy training and \$95 per week for nonresident courses. The annual income to Pennsylvania and the annual federal cost is estimated at \$88,300.

10. Replace 57 unmarked highway patrol cars in the headquarters motor pool with intermediate sedans.

These cars are not equipped with short wave radios, making them unsuitable for highway patrol work. Therefore, they could be replaced with intermediate sedans at a savings of approximately \$1,000 per car. The annual saving, based on an estimated turnover rate of 60%, would be \$34,200.

11. Purchase patrol vehicles at the beginning of the model year.

Trade-in values are higher at the beginning of the model year which generally starts in October. By placing state police vehicle orders before November, the trade-in vehicles will be disposed of at the highest possible price. The estimated increase in price per vehicle is \$325 or an annual saving of \$292,000 based on a 900-car turnover rate.

12. Replace 100 unmarked patrol cars used for investigation work with standard automobiles.

The department's fleet has more than 700 unmarked patrol cars. A number of these are used for investigations which do not require a vehicle constructed especially for highway patrol duty. Therefore, an estimated 100 of the fleet vehicles could be replaced with standard models at a savings of \$900 per car. Using an annual turnover rate of 60%, the savings would total about \$54,000 per year.

13. Expedite replacement of two-man radar units with one-man equipment and reduce trooper strength accordingly.

The Pennsylvania State Police has both two-man and one-man radar units in operation. The fiscal 1972 budget includes funds to replace 30 of the two-man sets with the remainder to be phased out the following year. A new electronic device is available which measures average speeds under a wider variety of conditions than present radar can. It is \$200 per unit cheaper. However, evidence obtained from these devices is not admissible in Pennsylvania courts and it would require legislative action to make them legal.

Immediate replacement of all two-man units would produce an annual saving of \$207,000 at a one-time cost of \$9,000 while the recommended devices would

provide improved law enforcement. In addition, 15 fewer trainees would be required by the academy during the next enrollment period.

14. Use civilians in certain noncritical jobs now performed by state police.

Civilians are now employed in several job categories. However, in fiscal 1971, 340 additional positions could have been filled with civilians rather than troopers. These principally include radio operators, drivers' license examiners, automotive inspection station examiners, some maintenance and supply personnel, clerks and clerical supervisors, fire marshals, and computer operations supervisors. Implementation will provide an annual saving of more than \$1.2-million.

15. Develop a more effective Planning and Research Division.

This division, although currently understaffed, has the potential to develop effective programs for the Pennsylvania State Police. To function effectively, Planning and Research should be given bureau status with a major as chief reporting directly to the commissioner. Recommended expansions in activities will require five additional people with experience in operations research, industrial engineering, electronic data processing, mathematical simulation, and computer analysis. With such expertise available, Planning and Research should devote additional efforts to:

- ▶ Long-range planning.
- ▶ Work systems analysis including forms design, paperwork flows, development of units of measure for work output, and task scheduling.
- ▶ Statistical regression analysis and trend projections based on traffic accidents, arrests, and general criminal activities.

- ▶ Motor pool management and efficient vehicle utilization.
- ▶ Employment of electronic devices and their use as a deterrent to highway safety violators.
- ▶ Job descriptions and man hour allocations to specific police functions.

Implementation will cost about \$84,700 per year. In addition, only candidates with suitable backgrounds should be considered for future openings in the proposed bureau.

16. Conduct a pilot program to evaluate the need for the proposed expansion of community relations officers.

The Community Relations Division has received approval to increase its field staff by 30 officers annually for each of the next five years. The program is intended to provide the nucleus for implementing a policy to place greater emphasis on crime prevention. The new personnel will work closely with schools, civic organizations, local governments, news media, and the like in order to educate the public concerning all aspects of crime prevention.

Although the philosophy appears sound, the results have not been substantiated. Therefore, the program should be tried on a pilot basis involving two or three locations. Results could be analyzed as a measure of the project's effectiveness before total implementation is authorized. No savings are claimed.

17. Eliminate the Data Net Communications System.

This system was used before the establishment of the Commonwealth Law Enforcement Assistance Network. Since it is now redundant, it should be eliminated for equipment rental savings of \$72,000 per year.

Pennsylvania Public Utility Commission

This commission regulates rates, service facilities, accounting, operational safety, and territories of public utilities. Services classified as utilities include gas, electric, telephone, water, sewage, railroads, and other transportation activities.

CURRENT OPERATING METHODS

The commission is comprised of five paid members appointed to staggered 10-year terms by the Gover-

nor with the approval of the Senate. Five bureaus are responsible for various phases of the work. They include Secretarial; Rates and Research; Transportation; Law; and Investigation, Service, and Enforcement Bureaus. Commission expenditures have increased from \$3.17-million in fiscal 1969 to \$4.5-million in fiscal 1972. The current staff totals 374. At the end of each year, utilities are assessed for 95% to 97% of the state funds expended.

APPRAISAL OF OPERATIONS

The commission is not performing its role at minimum cost. The work of the various bureaus needs stronger supervision and more attention should be paid to developing efficient systems. Enforcement of motorized transportation regulations overlaps with state police activities. The enabling legislation is sometimes so precise it impedes the commission from making necessary changes.

RECOMMENDATIONS

1. Eliminate the transportation activities in the Investigation and Enforcement Division and transfer them to the Pennsylvania State Police.

There are 3,400 state police engaged in highway patrol and investigation work throughout the commonwealth. They are already spending time working with this bureau which would be equivalent to that needed to take over the investigation and enforcement functions entirely. The annual saving would be \$630,000.

2. Increase the percentage of annual commission expenses which can be collected from public utilities.

The commission recovers approximately 97% of its annual expenditures by assessing each regulated utility a pro-rata share of the cost. Legislation precludes it from recovering expenditures for fixed assets or for the cost of regulating contract carriers.

Since the theory is established that utilities should reimburse the commission for its services, it is reasonable to require that the recovery be as complete as possible. Inclusion of fixed asset and contract carrier expenditures will produce an annual income of \$93,000.

3. Collect reimbursement from utilities for the commission's annual expenses in the calendar year during which monies are expended.

By billing utilities for these expenses quarterly and making settlement against actual expenditures with the first installment of the following year, the commonwealth would obtain earlier reimbursement of about \$2.8-million and should realize an additional annual income of \$141,000 by investing this money at 5%.

4. Reduce the secretarial and clerical staff by not filling vacancies.

A ratio of one typist or secretary to every two employees strongly suggests overstaffing. Elimination of nine vacant positions will reduce annual expenses by \$52,800.

5. Authorize a work measurement study of clerical operations.

A study should be made of the commission's clerical operations with a view to increasing productivity and eliminating excess staff. Savings will more than offset costs involved.

Pennsylvania Liquor Control Board

The board supervises the sale of alcoholic beverages in the commonwealth. It operates a system of state liquor stores, issues licenses for the manufacture and sale of alcoholic beverages, and enforces the Pennsylvania Liquor Code.

CURRENT OPERATING METHODS

The board is empowered by statute to regulate all traffic in alcoholic beverages within the commonwealth. It has three members appointed by the Governor with consent of the Senate. The members make all decisions regarding state liquor store locations, items to be sold there, and prices. They determine who shall receive new licenses and must approve transfers of existing ones. The board also decides whether citations will be issued for violations and, ultimately, if they will be upheld and

what penalty will be imposed. The organizational structure consists of the Bureaus of State Stores, Liquor Purchases, Licensing, Management Information Systems, Enforcement, Personnel, Office Services, and the Legal Bureau. There are also Offices of the Comptroller and Administration. With the exception of the Legal Bureau and the Office of the Comptroller, all are supervised by an Executive Director appointed by the board.

Operations are financed by a special revolving fund. At the end of fiscal 1971, this State Stores Fund amounted to \$59.9-million. Receipts from liquor sales, taxes on such sales, and filing fees for license applications are deposited there. License fees, as distinguished from application filing charges, are deposited in a separate fund and returned to the communities in which the licenses are granted.

The budget of the board is set by executive authorization and does not require approval by the Legislature. The fiscal 1972 budget is \$64.4-million and the full-time staff authorization is 5,454. At the end of fiscal 1971, the inventory level was \$61.1-million. Sales for the period amounted to \$474-million.

APPRAISAL OF OPERATIONS

In general, state liquor stores provide good service, but the prices are the second highest in the nation. Board activities are hampered by inefficient procedures and a lack of delegation. No thorough study of staffing needs, store locations or types has been made and administrative bureaus are overmanned and inefficient.

The Bureau of Licensing processes less than one license per day per employee although the bulk of the applications are routine renewals. Auditing practices are excessive and inefficient while purchasing procedures need modernization. Excessive warehouse inventories are maintained and the entire operation needs firm budgetary control.

RECOMMENDATIONS

1. Select an alternate system for retailing and distributing liquor.

The present system evolved in the era immediately following prohibition. The intention was to permit consumption of alcoholic beverages while limiting their availability and discouraging promotion of their use. The present system returns some \$50-million annually to the general fund. However, alternate methods of distribution should return even more and should be studied. No matter what method of distribution is selected, the licensing and control activities of the board would be unaffected.

2. Adopt an instant bank deposit reporting system for the state liquor stores using presigned transfer drafts.

Under the present procedure, transmittal times to Harrisburg average six days. The proposed change would reduce this to approximately two days without significantly altering the system. Earlier receipt of deposits will result in additional annual investment income of \$200,000. The cost associated with the instant deposit system is \$40,000 per year.

3. Improve the efficiency of state liquor store operations.

A number of steps should be taken to increase store profitability while maintaining or improving service. These include:

- ▶ Stock storage layouts in 248 stores should be changed to reduce picking and stocking times. When items are arranged so that the highest volume categories are nearest the counter area, the average order preparation time is reduced. Implementation would provide a time savings of 12% to 22% per clerk.
- ▶ Basic layouts of at least 108 stores should be changed to self service. The cost is estimated at \$10,000 to \$18,000 per store. Benefits include increased volume, lower staff requirements, and no significant increase in losses of merchandise.
- ▶ Working hours of full- and part-time employees should be rescheduled to reduce total staff needs.

Implementation will require an annual cost of almost \$2.3-million. The annual saving is estimated at more than \$11.1-million.

4. Establish additional self-service stores where economic and geographic factors warrant them.

Based on experience with previous stores, the annual cost to the state in establishing outlets in potentially high-volume locations would be \$147,000. The additional annual income is estimated at more than \$9.2-million.

5. Limit store hours in locations which show an operating loss.

In fiscal 1971, 22 stores incurred expenses which exceeded gross profits. Such stores should operate under reduced hours to eliminate a second employee. Annual savings will total \$130,000.

6. Establish improved management procedures for inventory control.

By using an expanded inventory information system, the present turnover of 4.38 could be improved to an estimated minimum of 6.81. The resulting reduction in inventory would provide a one-time saving of \$15-million. There will also be an increase in annual income of \$732,000, by investing the net one-time savings at 5%. Implementation will require a one-time expenditure of \$350,000 to provide needed consulting services and an annual cost of \$65,000 to establish an Inventory Control Unit.

7. Study the feasibility of continuing to sell wine in state liquor stores.

Wines present many merchandising and distribution problems and have shown a disappointing return. It is possible that the sale of wine through state liquor stores should be discontinued.

8. Study the store mark-up policies.

At present, it is the policy to increase the price of spirits 48% and wines 58% regardless of purchase or handling costs. A mark-up procedure should be established which would recover handling costs and bring an acceptable profit on each item sold. This will reduce the incentive for out-of-state liquor purchases.

9. Eliminate the subwarehousing operations.

State liquor store orders of less than case lot quantities are filled from a subwarehouse. These operations are inefficient and should be eliminated. Items with such low demand that a store cannot move a case within several months' time can be secured through store-to-store transfers. Implementation will provide an annual saving of \$718,000.

10. Abolish the New Castle Warehouse.

Low volume, geographic proximity to two other outlets, and a high cost of operation warrant closing this facility and transferring its activities to Erie and Pittsburgh. The annual cost would be \$33,000. The annual saving is estimated at \$80,700.

11. Deliver high-volume items directly to stores.

Currently, all merchandise is delivered to board warehouses and then to stores. By having vendors deliver high-volume items directly, a savings of \$0.50 per case would be possible by reducing warehousing charges. The estimated annual saving, based on current volume, is \$1.5-million.

12. Develop a firm policy regarding items to be carried and dropped.

Under the existing system, inventory decisions are left solely to the board. This recommendation should provide equal treatment for vendors and eliminate slow moving stock. The possible changes include:

- ▶ The board will place in inventory any item at the request of a vendor. At the time of the initial order, the supplier will submit a deposit to cover listing and distribution costs.
- ▶ At the end of six months, if the product has maintained an average weekly sale of 20 cases, the deposit will be refunded. If this volume is not maintained, the item will be dropped and the deposit forfeited. Unsold merchandise will be returned at the vendor's expense.
- ▶ Every six months, sales of all listed items will be analyzed and those with a volume of less than 20 cases per week will be dropped. Merchandise on hand will be priced to sell. No

item which has been eliminated will be eligible for relisting for six months.

13. Increase application filing and special permit fees to cover costs and update them every two years.

In fiscal 1971, the costs of licensing and enforcement exceeded revenues by \$4.17-million. A new schedule should be adopted to bring charges in line with expenditures and updated every two years. The estimated additional income is almost \$3.4-million per year.

14. Streamline licensing procedures by using a computer, mechanizing document files, and reducing compliance determinations made during the issuing process.

Approximately 27,000 licenses are issued annually and more than 90% are renewals. Nevertheless, the daily productivity rate per employee is only 0.85 licenses. This is because the procedure is entirely manual and excessively complicated and the bureau concerns itself with matters of compliance. The process could be streamlined as follows:

- ▶ Computerize the issuing process.
- ▶ Purge main document files of inactive information and install mechanized equipment to handle line files.
- ▶ Combine the Wholesale and Retail Licensing Divisions and transfer activities dealing with compliance to the Bureau of Enforcement and the Legal Bureau.

Implementation will require a one-time expenditure of \$55,000 and annual cost of \$45,300. The annual saving, resulting from staff reductions, is estimated at \$577,000.

15. Increase the rate of computer application implementation.

Much of the clerical routine performed by the board's personnel can be transferred to computer processing. Applications which will replace manual functions should be implemented. The one-time expenditure is estimated at \$50,000 and the annual cost at \$2,100. Staff reductions will provide annual savings of \$93,300.

16. Eliminate punch card equipment.

By designing computer applications to replace the present punch card system, an annual saving of \$65,000 will be possible. The cost of conversion is estimated at \$10,000 and the annual expenditure at \$3,000.

17. Reduce the field audit staff by establishing perpetual inventory in stores for slow moving items and simplifying verification procedures.

A 100% inventory is taken at each store approximately 14 times annually. A perpetual system maintained by store personnel for slow moving items would permit field auditors to use a random sampling technique. Extending inventory counts can be done with an existing computer program. These changes would permit elimination of 13 auditors for an annual saving of \$157,000.

18. Simplify field audit procedures.

Many of the activities performed by the field auditing staff are unnecessary. By simplifying audit procedures, the staff requirements would be reduced for an annual saving of \$218,000.

19. Eliminate unnecessary tasks performed by the Stock Liquor Section.

This section processes about 50,000 disbursements per year with an authorized complement of 35 people. Studying current procedures and eliminating unnecessary tasks would increase productivity from the current level of 6.2 disbursements per man per day. Potential annual savings through eliminating excess staff would total \$96,000.

20. Reduce the staff of the Stores System Records Division.

This division employs 57 people who are organized into small work groups. Each unit handles one phase of the paperwork required to enter data into the accounting system. Some of the tasks are unnecessary and others are inefficiently performed. Eliminating unneeded tasks, strengthening supervision through better work scheduling, and developing performance standards would permit a reduction of 25 clerks for an annual saving of \$170,000.

21. Reduce custodial, security, and maintenance crews in the board's central office.

The board has arranged with the Department of Property and Supplies to provide its own custodial, security, and maintenance service. Upgrading cleaning personnel through increased training and better equipment plus eliminating unnecessary employees in the security and maintenance areas will provide an annual saving of \$196,000. The cost of custodial improvements is estimated at \$500.

22. Eliminate the perpetual inventory records of supplies kept by the Supplies Division.

This division does all purchasing except liquor for the board and maintains a perpetual inventory of

supplies for reordering purposes. Since a physical inventory on every item is also conducted on a 16-week cycle, this could be made the basis for re-ordering. Eliminating the perpetual inventory would reduce the clerical staff by four and provide an annual saving of \$26,000.

23. Reduce stockroom personnel in the Supplies Division.

At present, each employee fills an average of 10 orders per day. A ratio of 15 should be possible, reducing the staff requirements from 12 to eight. The annual saving would be \$28,400.

24. Improve procedures and reduce mailroom personnel in the Communications Division.

At present, performance in this mailroom compares poorly with that of other similar operations. Improving procedures would reduce the required personnel to eight for an annual saving of \$25,200. A folding machine should be purchased for the mailroom at a one-time cost of \$500.

25. Computerize salary history records in the Bureau of Personnel.

At present, salary changes are posted manually in three files. Computerizing these records would require a one-time expenditure of \$7,000 and an annual cost of \$600. The annual saving through staff reductions would be \$58,800.

26. Add a staff group for planning and research.

These functions are not adequately performed at present although they are a vital ingredient in improving operational economy and service. A staff group reporting to the Executive Director should be established to handle business planning and research activities. The annual cost is estimated at \$81,700.

27. Improve district office procedures in the Enforcement Investigation Division.

The present staffing pattern of one clerk to two enforcement officers is the result of dictating reports of officers to stenographers who transcribe them from shorthand notes and keeping duplicate files in the central and district offices.

Reducing district files and providing the officers with dictating equipment would lower the clerical work load. The one-time cost is estimated at \$50,000. Eliminating 47 clerical workers will provide an annual saving of \$296,000.

28. Rotate enforcement officers among the district offices.

A practice of rotating officers would allow the board to draw on personnel assigned to licensing investiga-

tions to assist in enforcement activities without adding to the staff. The annual expenditure for the moving costs involved would be \$50,000.

29. Reduce the number of routine demands made on the time of board members.

Under present procedures, the board must consider each of nearly 2,200 annual citations twice. The methods used are so cumbersome that it takes three to four months after an investigation to schedule a hearing and another four to six weeks for a decision.

It would be more efficient for the Legal Bureau to issue citations based on recommendations from the Bureau of Enforcement and for the hearing examiner to set penalties. Thus, the board would only have to hear appeals. The annual saving is estimated at \$15,200.

30. Update the Pennsylvania Liquor Code.

Many provisions of this code are obsolete or unnecessary and uneconomical to enforce. A study should be made to update the state liquor laws.

Department of Military Affairs

This department provides for the peace-time security of the lives and property of Pennsylvania citizens during periods of civil disaster or other emergencies. It also supplies a military force for use by the United States in time of war or other national emergencies. The department administers a program of benefits for veterans of the national armed services.

CURRENT OPERATING METHODS

The department is under the supervision of the Adjutant General, a cabinet-level appointee of the Governor. There are three Deputy Adjutant Generals responsible for the Army National Guard, Air National Guard, and Veterans' Affairs respectively. The Adjutant General is subject to direction from the Federal National Guard Bureau in areas concerning the Pennsylvania National Guard.

The military reservation comprises approximately 19,000 acres and 1,600 buildings. The state operates 634 acres and 254 buildings while the balance is leased to the federal government. Leased property is used to train the National Guard, reserves, ROTC, and other regular military personnel. The total value of the state-owned armories is \$25-million. State-operated buildings, which house technical support activities for the federal government, receive federal funds to pay 75% of maintenance and security expenditures. In fiscal 1971, the federal government spent \$43.2-million in support of the 22,000 Pennsylvania army and air guardsmen.

The Bureau of Veterans' Affairs processes applications for several benefit programs. The Soldiers' and Sailors' Home provides domiciliary and nursing care for approximately 200 indigent veterans. The Viet-

nam Bonus Bureau was created in 1969 to process applications from about 180,000 veterans of Vietnam service.

Total department expenditures for fiscal 1971 reached \$5.95-million, an increase of \$229,000 over the previous year. The authorized number of employees has risen from 434 in 1967 to 485 in 1971 of which all but two resulted from the administration of Vietnam bonuses.

APPRAISAL OF OPERATIONS

The administration in this department is generally good except for Veterans' Affairs. The Vietnam Bonus Bureau lacks managerial control. Also, the department is not realizing sufficient income potential from local armories and the military reservation.

A worthwhile program to reduce and relocate armory facilities is now underway, but it is not moving quickly enough. In addition, security on the military reservation at Indiantown Gap is excessive with duplicate efforts by several state agencies. On the other hand, security at the armories in regard to arms' storage is insufficient.

RECOMMENDATIONS

1. Eliminate duplicate state security forces at the Edward Martin Military Reservation.

The Department of Military Affairs employs 17 security personnel at the reservation. Three are watchmen assigned to the National Guard headquarters. The rest guard 24 of the state-operated buildings on the reservation. The state police, federal military police, and the State Council of Civil Defense also maintain security forces on the reservation. Only

the state police have arrest powers and they must assist the department on all criminal infractions and minor complaints.

State police patrols are on duty 18 hours per day, with back-up forces maintained on the reservation fringe. Federal military police maintain a constant 10-man patrol on the reservation. Elimination of duplicate security forces will reduce personnel requirements by 14 for an estimated annual saving of \$90,200. Two additional state policemen will be required at an annual cost of \$22,600.

2. Increase rents for the 32 residential properties at the Edward Martin Military Reservation.

The department receives \$22,000 annually in rents for 32 homes leased to federal and state employees. The rents range from \$40 per month for a two-bedroom house to \$150 per month for the Adjutant General's four-bedroom home. Annual state costs to operate these properties are in the \$40,000 to \$45,000 range, creating an annual deficit of about \$20,000. Rents should be raised to a level at least equal to the operating costs incurred. The estimated increase in annual income is \$22,000.

3. Reduce the personnel in the Vietnam Bonus Bureau.

In two years of operation, this bureau has paid \$44-million to 145,000 applicants. The work load has fallen to 2,000 veterans per month and will continue to decline until the estimated 180,000 eligible applicants are paid. The bureau currently processes only 3.5 applications per man day. Using the number of applications received as a work load indicator for all jobs, the staff should be reduced to 14. Annual savings are estimated at \$99,000.

4. Reduce the authorized staff of the Bureau of Veterans' Affairs and relocate the operation.

One field investigator and one clerk are located in federal offices maintained in Philadelphia, Pittsburgh,

and Wilkes-Barre. They originate a small number of benefit program applications and handle inquiries from veterans and veterans' organizations. Since the federal offices are established to handle such inquiries, the state employees only augment federal efforts. The state function would be more efficiently handled by a central office in Harrisburg. One investigator and one clerk could be retained for this operation.

Additionally, the bureau now stores burial records of all Pennsylvania veterans although this information is maintained by the Bureau of Vital Statistics. A total of 11 persons process applications for veterans' and educational assistance programs at the rate of 20 per person per month.

A staff of four would be sufficient to handle the work. Eliminating the other seven positions, reducing the field investigation staff by four, and discontinuing the burial records would permit relocation of the bureau to excess space in the Vietnam Bonus Bureau. Implementation would provide annual savings of \$94,000.

5. Eliminate or combine underutilized armories.

Army National Guard units are located in 110 armories. Those containing two units use the facilities only two weekends per month. More than half of the armories have only one unit and are used only one weekend each month. The ones which have three are, on the average, used for training on one-third of the available weekends.

Of the 13 armories which were observed, four could be vacated and sold and their units moved to nearby locations without affecting performance. Based on this sample, total implementation would produce a one-time income of \$2.28-million from the sale of these state properties. Invested at 5%, this will produce an annual income of \$114,000. The annual savings would be \$441,000.

Department of Justice

The Department of Justice represents the commonwealth in civil and criminal matters to which it is a party, provides legal counsel to other departments and agencies, and is responsible for consumer protection services. It also investigates crime and operates state penal institutions.

CURRENT OPERATING METHODS

This department is directed by the Attorney General who is appointed by the Governor with Senate approval. Its fiscal 1972 budget is \$37.7-million of which almost \$3-million are federal funds. As of June 30, 1971, it employed 2,323 people.

The Board of Pardons works in conjunction with the Bureau of Correction to review recommendations for fines, forfeitures, and pardons in all criminal cases except impeachment. The Board of Commissioners on Uniform State Laws promotes commonwealth adoption of such laws and works with the National Conference of Commissioners on Uniform State Laws in advocating uniform codes among the states. The department's legal staff consists of 65 attorneys and 123 special assistant attorneys general assigned to provide legal counsel to the Department of Justice as well as other agencies.

The Bureau of Correction operates the state penal institutions. There are seven major facilities with a total population of 5,950 inmates. The Deputy Attorney General for Management Services is responsible for office service functions of the department's boards, bureaus, and commissions. Claims owed the commonwealth and not collected by the responsible state agency are referred to the Department of Justice. The amount of such delinquencies is estimated at \$35-million. However, a lack of receivables records prior to 1970 may make much of this money uncollectable.

The Pennsylvania Crime Commission investigates the causes of crime and delinquency, develops standards, measures the adequacy of law enforcement, and recommends actions to the Attorney General to prevent and reduce crime. The Community Advocate group works to alleviate the causes and effects of community unrest as well as resulting alienation of minorities. The Strike Force—Narcotics was created to control wholesale drug traffic. The Governor's Justice Commission develops programs and applications to reduce crime in Pennsylvania as required by the Federal Omnibus Crime Act of 1968.

The Juvenile Court Judges Commission advises such courts concerning proper treatment of delinquents, recommends improvements in procedures, and administers a program of state grants to improve local juvenile probation services. The Office of Civil Law does work for various commonwealth agencies and is responsible for the Bureau of Consumer Protection and the Bureau of Standard Weights and Measures. The Office of Criminal Law provides legal counsel to commonwealth agencies such as the Bureau of Correction, Pennsylvania State Police, Pennsylvania Board of Probation and Parole, Board of Pardons, and Department of Military Affairs. It is also responsible for the Bureau of Investigation which examines evidence of improper activities by local or state government personnel.

APPRAISAL OF OPERATIONS

The department's operations need major improvements. Priorities are established daily depending on the current crisis and execution is encumbered by a lack of clearly defined responsibilities and procedures. Duplication of investigation and support activities among crime-related bureaus and the Pennsylvania State Police are excessive.

Fiscal management in the department is irresponsible and the commonwealth may lose as much as \$35-million in delinquent accounts because of a lack of receivables records. Efforts to correct the situation are inadequate. In addition, department budgeting is inefficient and funds are moved between units at will. Also, expenditures are not reliably reported and personnel records do not provide viable information on the work being performed and accomplished within the department.

Programs lack prudent implementation and pilot projects are not used to test new ideas. Information on expected and actual program results versus expenditures is not available.

RECOMMENDATIONS

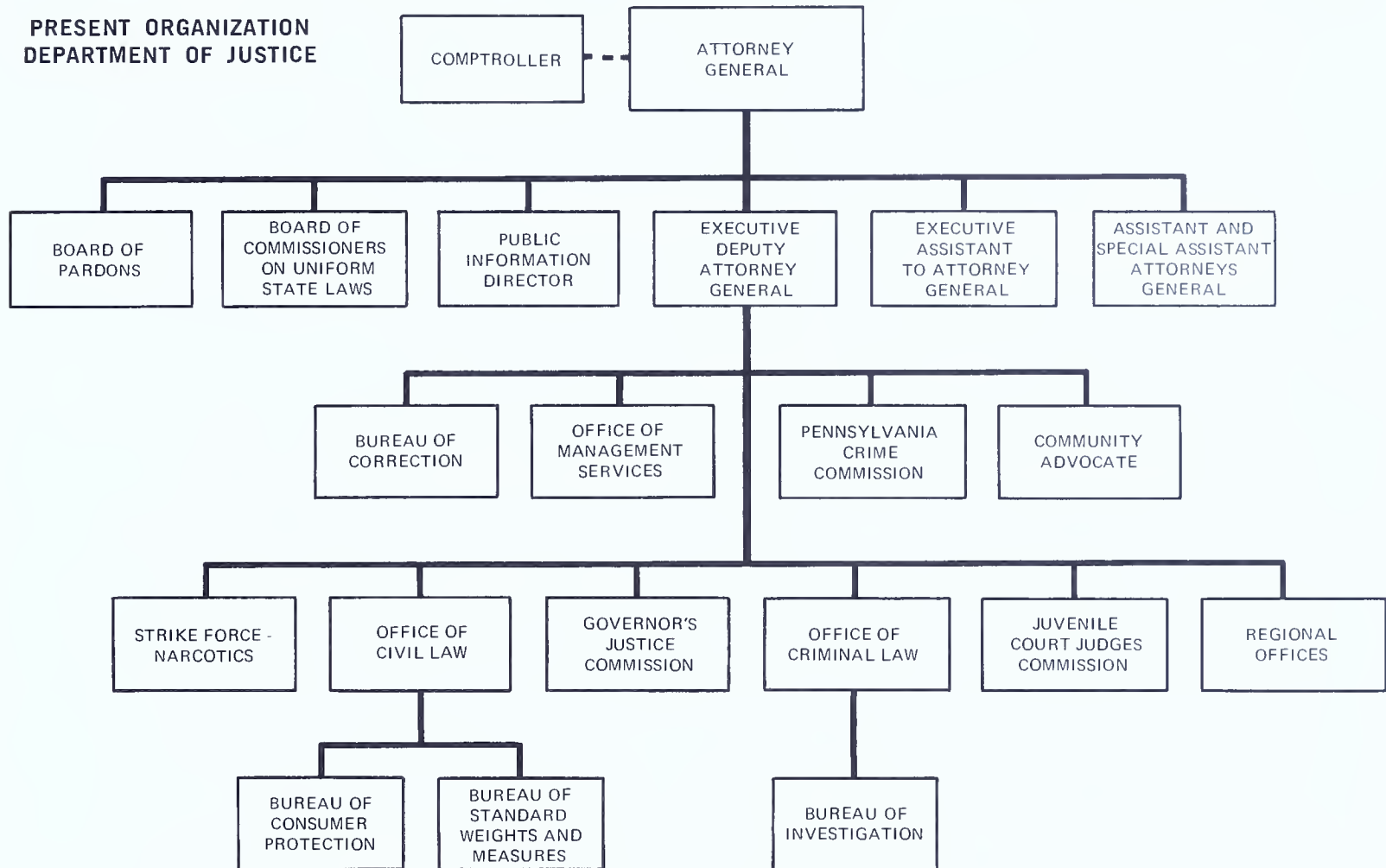
1. Reorganize the Department of Justice.

Responsibilities within and among the department's bureaus are not clearly defined. Some 19 boards, bureaus, special assistants, and regional offices report to the Executive Deputy Attorney General and the Attorney General. This supervisory strain coupled with poor budget and financial reporting procedures engenders daily crises and ineffective department management. A chart of the present organization is shown at the top of the next page.

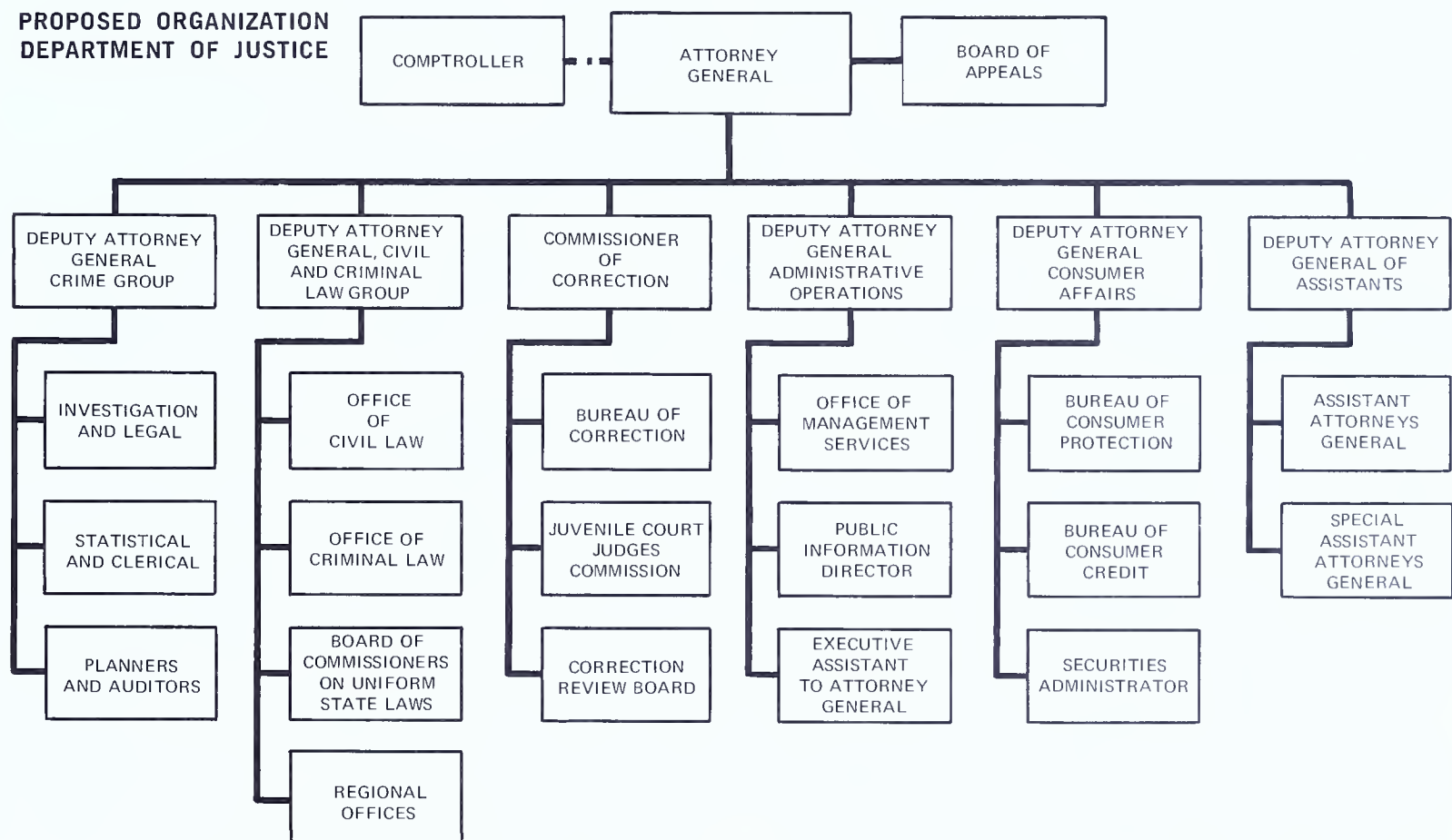
Department responsibilities should be organized into six major groups, each headed by a Deputy Attorney General or Director. The position of Executive Deputy Attorney General should be eliminated. A chart of the proposed organization appears at the lower right. The Pennsylvania Crime Commission, Community Advocate, Strike Force — Narcotics, Governor's Justice Commission, and Bureau of Investigation would be combined under the Deputy Attorney General, Crime Group to provide a full range of crime services.

The Offices of Criminal Law and Civil Law, Board of Commissioners on Uniform State Laws, and the regional offices would be formed into a General Civil and Criminal Law Group. The assistant and special assistant attorneys general would all report to a Deputy Attorney General responsible for their

**PRESENT ORGANIZATION
DEPARTMENT OF JUSTICE**



**PROPOSED ORGANIZATION
DEPARTMENT OF JUSTICE**



activities. Correction, Administrative Operations, and General Consumer Affairs would comprise the other three groups in the new organization. Implementation will cost \$84,600 per year. Annual savings will total \$102,000.

2. Strengthen fiscal responsibility within the department.

The budgetary process is cumbersome and ineffective. Planning is nonexistent and future estimates are merely an extension of historical experience. Records are incomplete, duplicated, and inconsistent. Aligning the budgetary process with the proposed organization structure and establishing meaningful records of actual costs will provide the department with a method for improving its fiscal responsibility.

3. Eliminate presently vacant positions within the department.

Current personnel records do not give a clear picture of employee activities. This lack of control causes inefficient allocation of people and low productivity. No additional personnel should be added to this department until meaningful controls are established and personnel needs clearly identified and documented. Implementation will result in annual savings of about \$2.7-million.

4. Increase collection of claims which are owed the commonwealth.

Claims not collected by responsible state agencies are eventually referred to the Department of Justice. There are no receivables records on delinquent accounts prior to 1970. This lack of records, coupled with a six-year statute of limitations, could result in noncollection of many accounts.

The department estimates that the amount due is approximately \$35-million. It expects that 30% of these old claims could be collected for one-time income of \$10.5-million. The additional cost of implementing a more efficient collection system would be \$40,000. However, the annual income to be generated would total \$1.9-million. There would be an additional annual income of \$500,000 from investing the one-time income at 5%. This would total \$2.4-million in annual income.

5. Transfer the functions of the Bureau of Standard Weights and Measures to the Bureau of Foods and Chemistry in the Department of Agriculture.

A majority of this bureau's activities involve inspections in commercial retail establishments which are already visited by personnel from the Bureau of

Foods and Chemistry. These activities should be combined for an annual saving of \$175,000. The cost of cross-training bureau personnel will be \$18,500 per year to cover the addition of a technical supervisor to handle this activity.

6. Initiate a study to eliminate existing duplications in criminal investigations and determine the most effective organization for administering this activity.

Currently, there is widespread duplication of investigation activities. Properly organized and managed, the effectiveness of this function could be greatly increased.

7. Continue to replace part-time lawyers with full-time attorneys in all departments of the commonwealth.

Many part-time attorneys are paid full-time salaries. They should be replaced by full-time department attorneys. The annual saving would be \$663,000.

Bureau of Correction

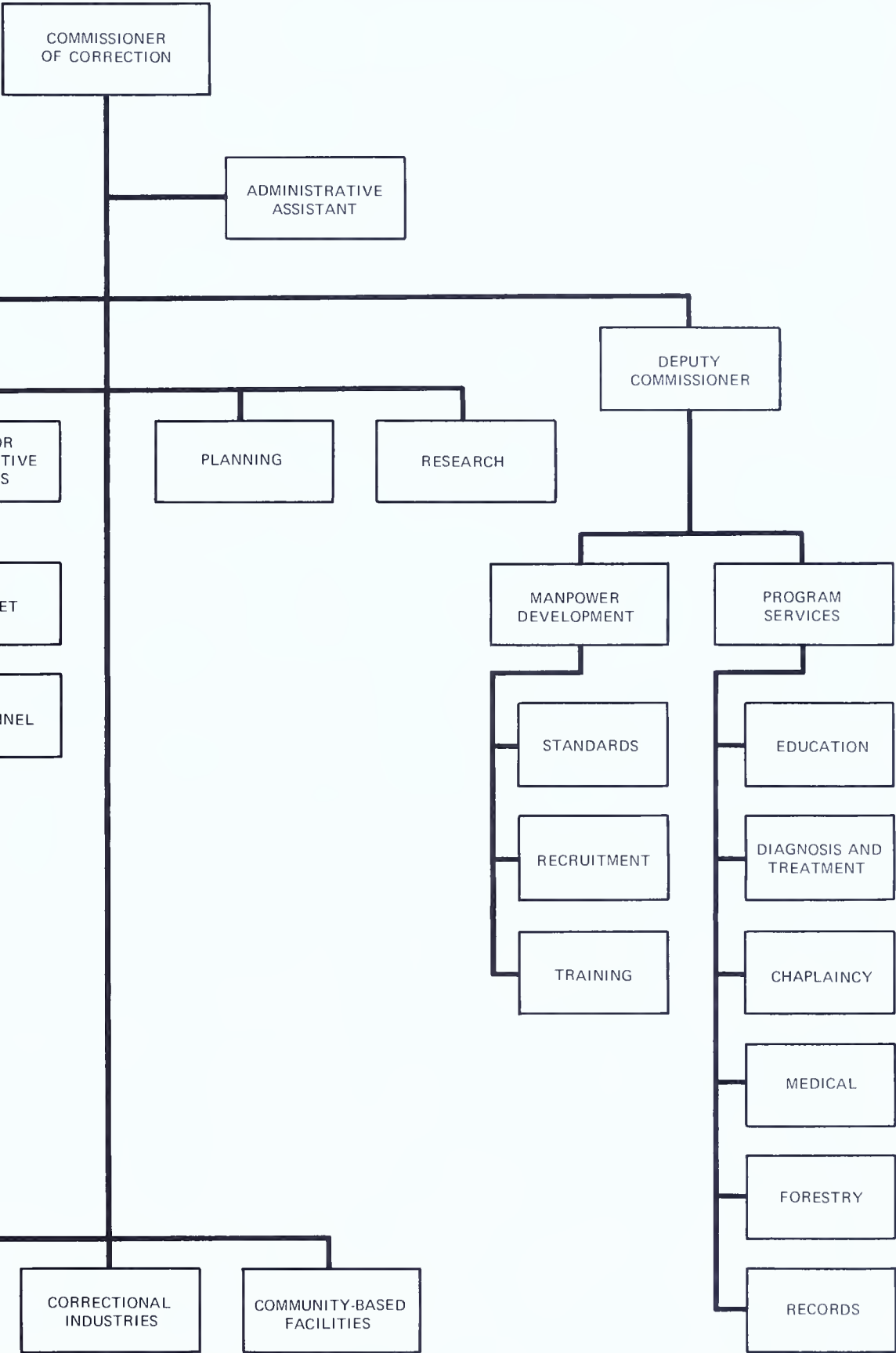
This bureau operates state penal and correctional institutions including maximum security prisons and residential group centers. Rehabilitation of offenders is a major goal.

The prison population is approximately 6,000 inmates. In fiscal 1971, the Bureau of Correction expended almost \$27.4-million of which \$447,000 were federal funds in these institutions. The fiscal 1972 budget is \$29.8-million including \$1.08-million in federal money. Counties contribute about 35% of the cost for resident care. Current trends are toward formation of small community-based rehabilitation centers.

Correctional Industries, a division of the bureau, provides vocational training and supplies manufactured and farm products to state-supported and state-aided institutions. The Board of Pardons works in conjunction with the bureau in reviewing pardons for all criminal cases except impeachment.

The change from maximum security institutions to community-based treatment centers has caused conflicting practices within the bureau and the cost of this new program has not been properly analyzed. Highly trained tradesmen and technicians in institutional operations are idle while residents attend vocational and therapeutic guidance classes. Correctional Industries overcharges state agencies for its products and the farm operations are costly, showing a \$230,000 deficit in fiscal 1971. The federal reimbursement for resident care is not adequate.

**PRESENT ORGANIZATION
BUREAU OF CORRECTION**



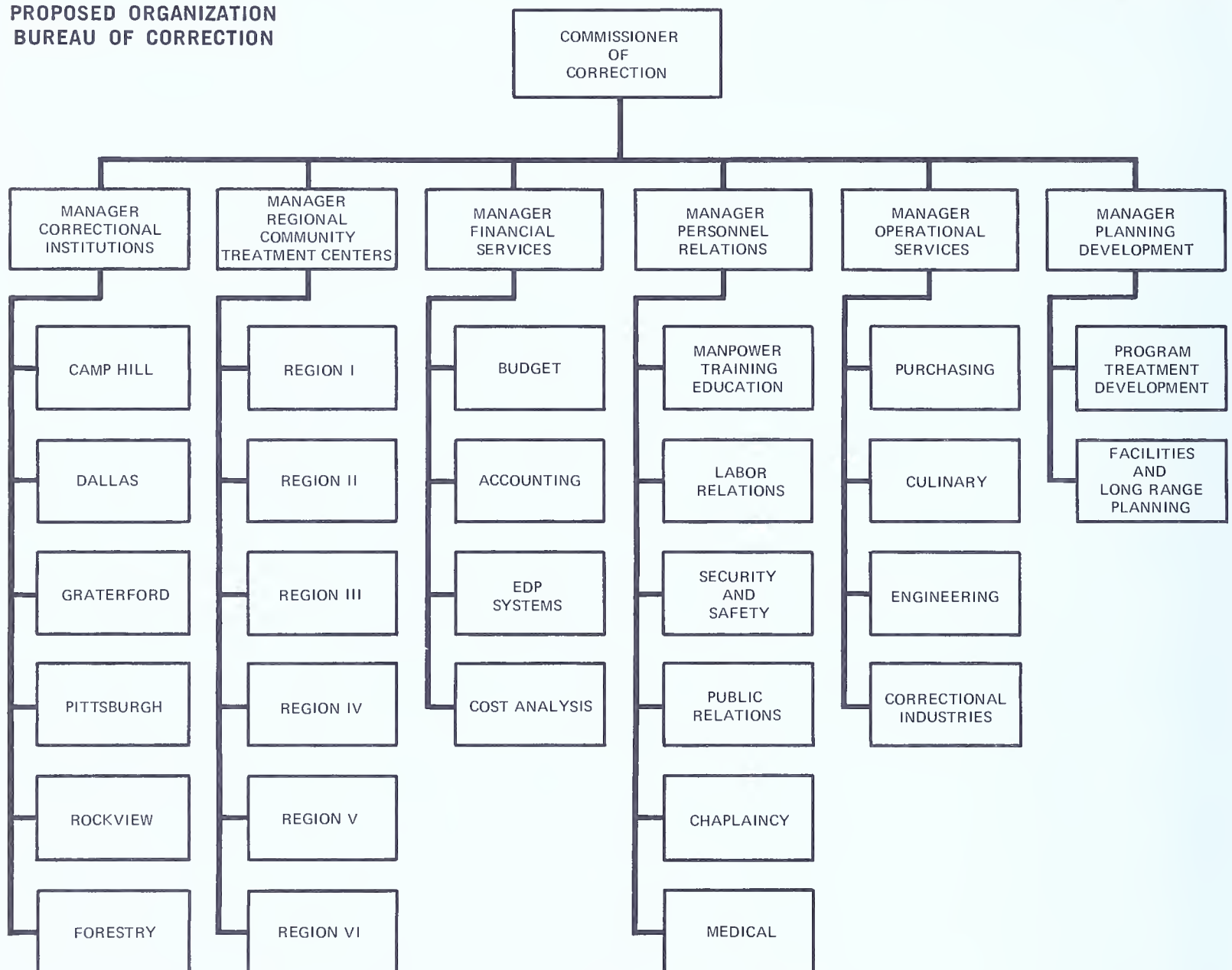
RECOMMENDATIONS

8. Reorganize the Bureau of Correction.

A chart of the present organization is illustrated above. Under the current structure, 16 people report directly to the Commissioner of Correction.

Two deputy commissioners supervise the staff functions while the Director of Administrative Services handles budget and personnel activities. This bureau should be reorganized to improve its operations and facilitate the accomplishment of its objectives. The

**PROPOSED ORGANIZATION
BUREAU OF CORRECTION**



proposed organization which is illustrated above, reduces the number of people reporting to the commissioner to six. Staff functions have been divided into clearly defined groups of financial, personnel, planning, and operational services. No savings are claimed, but an improvement in the bureau's efficiency is expected.

9. Charge the federal government for maintenance of persons detained under United States statutes in state institutions.

The bureau has a contract which requires the government to reimburse the commonwealth for maintenance of inmates convicted of federal offenses and incarcerated in state institutions. The average daily cost is \$19 per resident. The contract rate is \$11.49. There are usually 30 to 40 federal residents housed

in Pennsylvania correctional institutions. A direct cost billing to the federal government will provide an annual income of \$280,000.

10. Close the State Correctional Institution for Women at Muncy.

Muncy has a total budget of \$1.4-million and a personnel complement of 121. Inmate costs are in excess of \$35 per day. The resident population is 125 of which 31 are federal prisoners. Excess capacity at Camp Hill and Greensburg should be used to confine the residents. However, the Muncy property should be retained for at least two years while the worth of the community treatment center approach is evaluated.

Closing the institution will provide an annual saving of almost \$1.7-million. Transfer of its residents will

generate an annual cost of \$538,000 including \$49,000 in maintenance charges for Muncy.

The Bureau of Correction's 1974 budget projects a new regional facility in the same area. If the existing facility were modified for this purpose, elimination of the capital expenditure would provide a one-time saving of \$5-million. Invested at 5%, this will produce an annual income of \$250,000. These amounts have not been claimed.

11. Eliminate eight mail inspection positions.

A bureau directive has abolished censorship of the mail sent and received by residents, although a search is still made for contraband. The reduction in work requirements makes it possible to decrease the mail inspection staff by eight for a total saving of \$74,800.

12. Reduce the cash balance in the General Welfare Fund.

The cash balance in this fund should be reduced to \$5,000 for all institutions with the remainder transferred to savings accounts. This will increase earnings by \$2,500 per year.

13. Use the EDP operation in Correctional Industries to mechanize accounting for resident payrolls.

The payrolls are now prepared manually with control accounting and personnel records handled through a semi-mechanized system. Use of an EDP payroll system, supplemented by account posting procedures and a card input operation for purchase charges, would reduce clerical staffs by three in each of the six major institutions. The necessary equipment and personnel to implement this proposal are available. Annual savings would total \$123,000. The annual cost would be \$2,000.

14. Enforce the personnel policy of granting compensatory time off instead of pay for overtime work.

The policy of granting time off for working on a holiday is followed by three correctional institutions. Overtime pay for the three averages less than 3% of gross payrolls. The four institutions which do not enforce this policy average 9% of gross payrolls in overtime. For fiscal 1971, this amounted to more than \$1.1-million and estimates are that 1972 will show an increase in such payments.

Reducing overtime in these four institutions to 3% of payrolls through use of compensatory time off will provide an annual saving of \$612,000. In addition, requests for paid overtime should have advance approval from the commissioner and the Comptroller.

15. Close the state correctional facility at Huntingdon.

The bureau plans to develop more extensive community programs using treatment centers in preference to institutional confinement. Implementation will greatly reduce the resident populations in institutional facilities. At present, there is enough excess capacity in state institutions to house the inmates currently at Huntingdon. However, this facility should be closed by utilizing a phase-out procedure consistent with development of the community-based program to avoid possible overcrowding.

Implementation will provide an annual saving of \$3.6-million and a one-time saving of \$200,000. The annual cost will be about \$1.5-million. Investment of the \$200,000 at 5% will produce an annual income of \$10,000.

16. Appraise housing provided institution personnel and determine appropriate rents.

There are seven institutions which provide housing for personnel of various job classifications. Rents are based on a complicated formula and produce incomes ranging from nothing to \$80 per month. The average rent is \$45. If the average rent were raised to a more reasonable \$150 per month, the annual income would be \$45,800.

17. Return surplus funds presently under the control of Correctional Industries to the general fund.

Profits generated by Correctional Industries' activities are invested temporarily until new projects are developed. When a program is approved, funds are advanced from these accumulated earnings.

At the end of fiscal 1971, uncommitted surplus amounted to \$7.44-million. This amount should be returned to the general fund. Invested at 5%, it will produce an annual income of \$372,000. Future funds for Correctional Industries' projects should be budgeted to ensure that the programs are managed and financed in conjunction with other rehabilitation efforts.

18. Cease funding capital programs in correctional institutions until a comprehensive plan for expansions is approved by the Attorney General.

The bureau is undergoing a philosophical change away from confinement programs toward treatment and rehabilitation. This requires an accompanying change in the type of facilities needed since present structures do not conform to projected programs. Despite this, funds are being appropriated to make major expansions at several of the older institutions.

No long-range plan exists to outline the goals of the new phase and explain how old facilities will be used or disposed of. Since sufficient space exists for current resident populations, time should be taken to prepare such a plan for approval by the Attorney General before any capital commitments are made.

19. Eliminate excess staff positions and abolish vacancies at all correctional institutions.

Staffing levels at the various institutions vary considerably although services performed are about the same. Based on a study of the manpower complements, it is estimated that approximately 2.5% of the personnel could be eliminated without affecting service levels. In addition, there are 106 vacancies which should be abolished. Implementation will provide an annual saving of almost \$1.3-million.

20. Eliminate Correctional Industries' activities which are no longer profitable either from a financial or treatment standpoint.

Correctional Industries produces farm and manufactured goods which are sold to state institutions and government agencies. The farm program lost \$230,000 in fiscal 1971 and using institutional residents as farm workers is not compatible with the new rehabilitation system. In addition, many of the manufacturing operations — woodworking, mattress

refurbishing, and the like—are considered to no longer contribute to the resident's ability to make a living upon release.

Eliminating unprofitable activities will provide an annual saving of almost \$1.07-million. Selling unnecessary farming and manufacturing equipment will bring a one-time income of \$1.98-million. Invested at 5%, this will produce an annual income of \$166,000.

21. Require resident maintenance charges be paid in 30 days.

Counties are billed monthly for the cost of maintaining inmates sentenced from that area. The receivables balance is about \$6-million and averages approximately five months' billings. Reduction of receivables to a 30-day limit will provide an annual income of \$250,000 at a 5% investment rate.

22. Expand the automotive maintenance instructional facilities at Camp Hill.

Present training facilities are limited. Expanding them would provide instructional opportunities for a greater number of residents and provide more maintenance on the Correctional Industries fleet. The one-time cost is estimated at \$30,000. No specific savings are claimed.

Department of Community Affairs

The primary mission of this department is to enhance the capacity of local communities, institutions, and governments to meet their own needs. Programs and activities are carried across agency and governmental lines to make resources available to communities.

CURRENT OPERATING METHODS

The operating budget for this department in fiscal 1972 was almost \$3.86-million. Activities are organized under the following bureaus:

- ▶ **Community Planning:** Administers and supervises the federal government's Urban Planning Assistance Program.
- ▶ **Housing and Redevelopment:** Provides, administers, and controls financial support to local communities for urban redevelopment.
- ▶ **Recreation and Conservation:** Offers technical and financial assistance for the planning, acqui-

sition, and development of community-sponsored recreational projects.

- ▶ **Local Government Services:** Attempts to improve the basic structure and operation of local government in addition to supplying communities with personal services.
- ▶ **Land Records:** Contains documents relating to state boundaries and serves as the land office of the commonwealth.
- ▶ **Research and Program Development:** Prepares reports and monitors contracted research projects, develops and coordinates department legislative proposals, and assists in developing long-range plans.
- ▶ **Management Services:** Supervises and prepares the department budget, monitors appropriations, and handles administrative matters such as personnel recruitment.

- **Human Resources:** Coordinates activities funded by the Office of Economic Opportunity and administers the Neighborhood Assistance Act for impoverished areas and the Training Employment Assistance for Manpower (TEAM) program for hard-core unemployed.

The Office of Model Cities/Partner Cities assists selected communities in revitalizing local institutions through use of federal resources. There are also five department regional offices to provide statewide assistance. During fiscal 1972, department grant appropriations totaled \$32.5-million. A total of \$46-million is estimated for fiscal 1973.

APPRAISAL OF OPERATIONS

There are increasing efforts by Community Affairs to develop and administer programs which often duplicate existing ones assigned to other agencies. The department needs stronger, centralized long-range planning and more decentralized execution of projects.

Regional management suffers from a lack of direction, information, and training. Little effective evaluation of projects is performed and fiscal guidelines are nonexistent. The department has failed to make use of a system of contract evaluation used by the federal government which includes establishment of criteria, fiscal and program progress reports, and progress payments. Many of the activities and organizational units of the department are unnecessary or ineffective.

RECOMMENDATIONS

1. Conduct a work measurement study of clerical operations.

By applying work measurement techniques and establishing clerical pools, a savings of 25 positions of \$143,600 is possible. This amount has not been claimed.

2. Eliminate the department's audit group.

This group could be eliminated by taking the following actions:

- Use periodic audit progress reports made to the U. S. Government when agencies use federal funds.
- Require periodic audit and progress reports from grantees receiving state funds.
- Assign a field auditor to each regional office.

Implementation would provide an annual saving of \$103,000 through reduced personnel needs.

3. Eliminate the Office of Model Cities/Partner Cities.

The lack of interest in this program was evidenced by the failure to appropriate funds for the current fiscal year. The director of this office should be transferred to the Bureau of Community and Urban Affairs. Remaining staff positions are unfilled and should be abolished. Annual savings will total \$56,800.

4. Eliminate the Bureau of Human Resources.

Issuing certificates for tax credits to corporations which participate in the Neighborhood Assistance Program could be handled by the Bureau of Corporation Taxes. Approval of projects should be a responsibility of the regional offices and the proposed Bureau of Community and Urban Affairs.

The manpower training project should be eliminated and another bureau appointed to act as the commonwealth's agent for the Office of Economic Opportunity. Planning and evaluation functions can be absorbed by the regional offices and the Bureau of Community and Urban Affairs. Implementation will provide an annual saving of \$1.13-million.

5. Eliminate the Information Services Division in the Bureau of Local Government Services.

This division's major function is to answer letters and inquiries and to prepare manuals and other publications. These services can be absorbed by other organizations in the department. Implementation will provide an annual saving of \$37,100.

6. Eliminate the Division of Municipal Employee Training in the Bureau of Local Government Services.

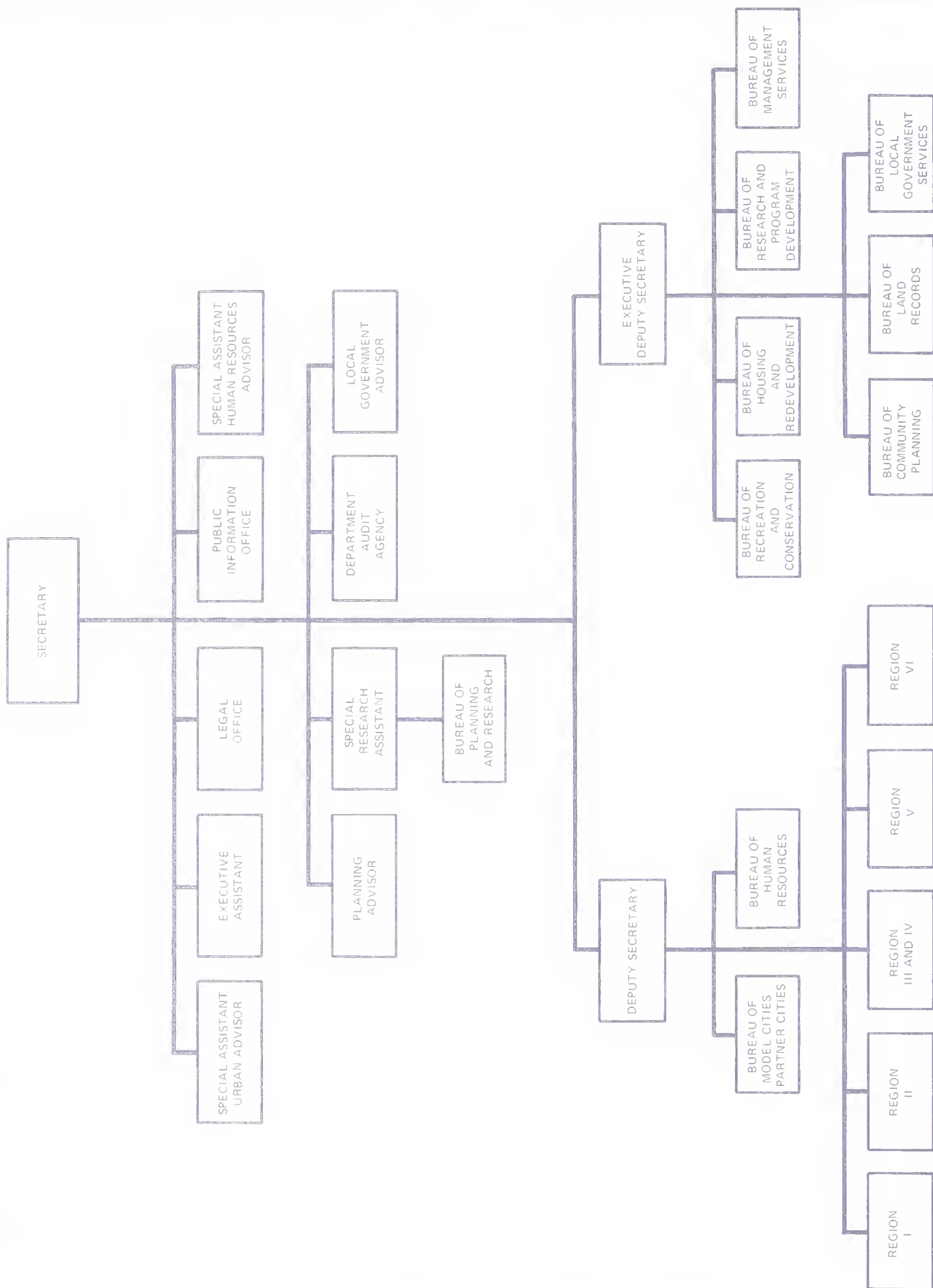
The work performed by this division duplicates programs available through other state and federal agencies. Eliminating it will provide an annual saving of \$51,000.

7. Improve the contracting function.

Contracts awarding grant funds to communities should be made more restrictive and be subjected to a legal review. The following features should be incorporated into future contracts:

- Require periodic progress reports be submitted to the regional office involved.
- Assign a project officer to be responsible for initial review of the proposal, wording to describe the scope and purpose of the work to be performed, and conditions and amount of

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DEPARTMENT OF COMMUNITY AFFAIRS



grants involved. He would also review progress reports and payments.

- Make progress payments to grantees upon approval of the project report and after on-site inspection of the program.
- Submit federal reports on projects to the commonwealth as well.

A centralized contracting function and depository should be established in the Bureau of Management Services. Implementation of this recommendation should provide an annual saving of \$506,000.

8. Reorganize the department.

A chart showing the department's present organization appears to the left. After implementation of previous recommendations, further structural changes should be made in the Department of Community Affairs to provide more logical reporting relationships and efficient operations. A proposed organization chart is shown below. Changes include:

- Transfer the responsibility for management of local government records to the Bureau of Local Government Services.

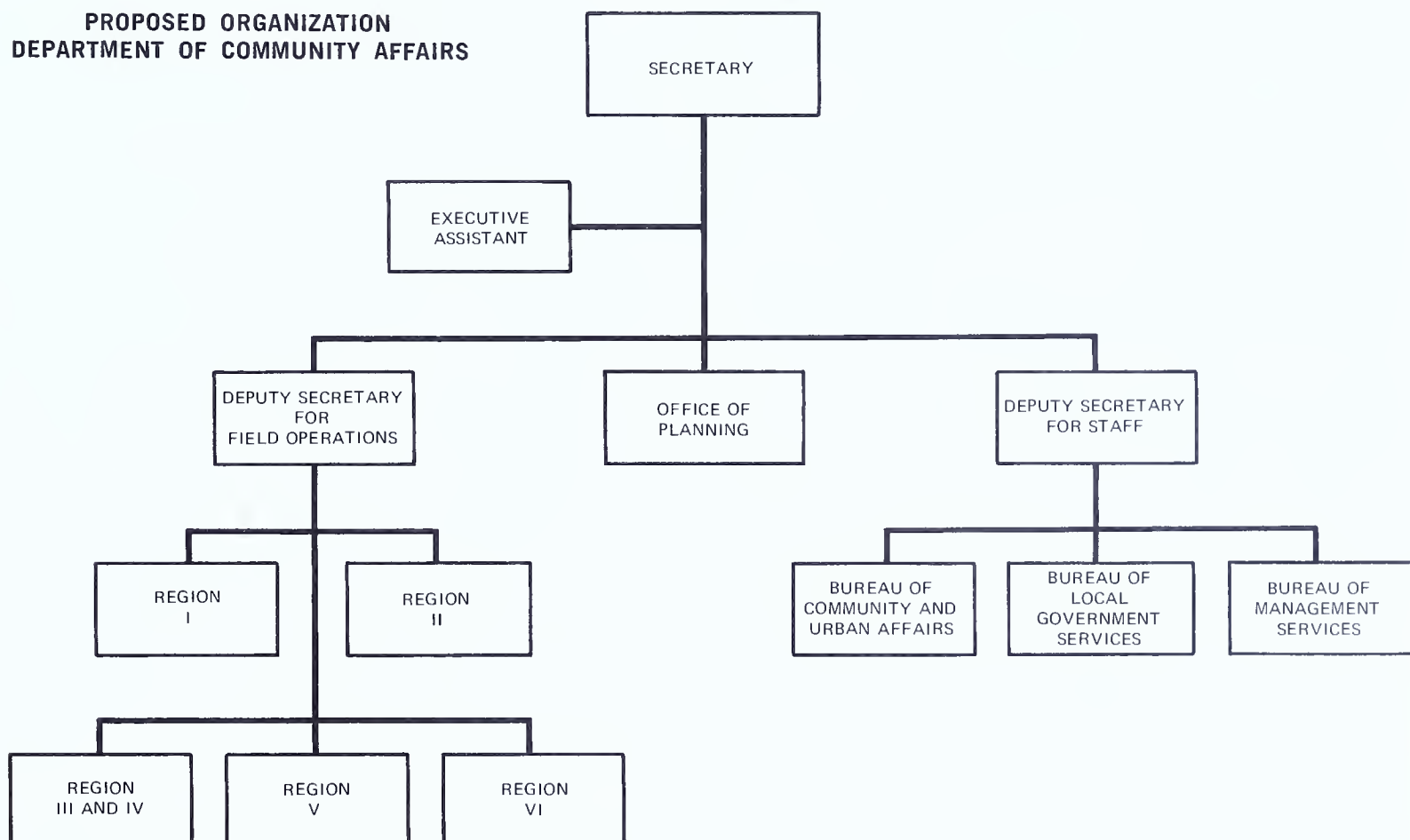
- Move the department's Bureau of Land Records to the Pennsylvania Historical and Museum Commission.
- Merge the department's Bureau of Research and Program Development into the proposed Office of Planning.
- Combine the Bureaus of Recreation and Conservation, Housing and Redevelopment, and Community Planning into a Bureau of Community and Urban Affairs.
- Put the Public Information Office in the Bureau of Management Services and merge the Statistics Division of the Bureau of Local Government Services into the Office of Planning. The study of this division, completed in April 1970, should also be reviewed and appropriate recommendations implemented.

The proposed reorganization will provide an estimated annual saving of \$79,600.

9. Establish an Office of Planning.

An office should be established to encompass research, statistical, and program development activi-

PROPOSED ORGANIZATION DEPARTMENT OF COMMUNITY AFFAIRS



ties. Existing personnel within the department would be able to staff this function.

10. Reassign central office personnel to strengthen regional operations.

Bureau personnel should be reassigned to regional offices. The thrust of department policies is to at-

tain closer ties with local communities. Therefore, a small central staff, supported by a strong planning and research unit, should be able to give better direction to the various programs while larger regional complements will give more responsive services in the communities.

Department of Labor and Industry

This department administers and enforces commonwealth labor laws and related federal unemployment compensation acts. It also operates joint employment facilities with federal agencies and dispenses benefits from the Unemployment Compensation Fund to the unemployed.

CURRENT OPERATING METHODS

Three deputy secretaries and an Executive Director are responsible for operating the major components of the department. One deputy secretary supervises activities of apprenticeship and training groups, the Minimum Wage Law functions, and the Bureau of Labor Standards. A second is responsible for supervision of the State Workmen's Insurance Fund and the Bureaus of Workmen's Compensation and Social Security for Public Employees. The third deputy secretary directs the Bureaus of Occupational and Industrial Safety, Administrative Services, Personnel, Budget, and Vocational Rehabilitation. The Executive Director is responsible for the activities of 5,000 federally funded state employees in the area of placement of the unemployed and administration of the Unemployment Compensation Fund.

The Secretary of Labor and Industry is assisted by 18 advisory and review boards in the administration of areas under his jurisdiction. Members are representatives of labor, industry, and the public appointed by the Governor. The department's budget for fiscal 1971 was more than \$388-million, of which \$83.7-million was federal money. The fiscal 1972 budget calls for \$404-million including \$97.6-million in federal funds. Of the department's 7,000 employees, about 5,000 are paid by federal monies.

APPRAISAL OF OPERATIONS

The department duplicates many services offered by the Departments of Justice, Public Welfare, and Education. With the exception of the Bureau of Em-

ployment Security, the subdivisions are overmanned and, as a result, have low productivity levels.

Scientific management methods and tools are lacking and political patronage is evident at all levels. Quasi-judicial bodies sitting in hearing on compensation cases are an impediment to swift resolutions.

RECOMMENDATIONS

1. Identify and eliminate duplicate counseling provided by governmental departments.

A study should be initiated to identify and eliminate duplicate counseling services provided by the Departments of Education, Labor and Industry, Public Welfare, and Justice. Most of the overlapping seems to exist in areas dealing with welfare, rehabilitation, and guidance. In addition to being costly to the commonwealth, such duplication must be confusing to program recipients.

2. Abolish 289 vacant positions in the Department of Labor and Industry.

Most of these vacancies have existed for more than 90 days and should be eliminated. In addition, abolishing the positions will help reduce the overstaffing which exists in the department. There will be an annual saving to the state and federal government of almost \$1.3-million each.

3. Allocate administrative expenses to those departments requiring services.

Allocation of administration expenses to user departments would result in federal reimbursements for several agencies in the Department of Labor and Industry. The total annual income would be \$379,000. Of this, \$279,000 would be federal funds. The remaining \$100,000 would come from the State Workmen's Insurance and Social Security Funds.

4. Transfer migratory labor functions to the Department of Health.

The activities performed by the Migratory Labor Office in the Department of Labor and Industry

could be handled by the existing staff in the Department of Health who already deal with this group of workers. The resultant annual saving from transferring this function would be \$50,600 annually.

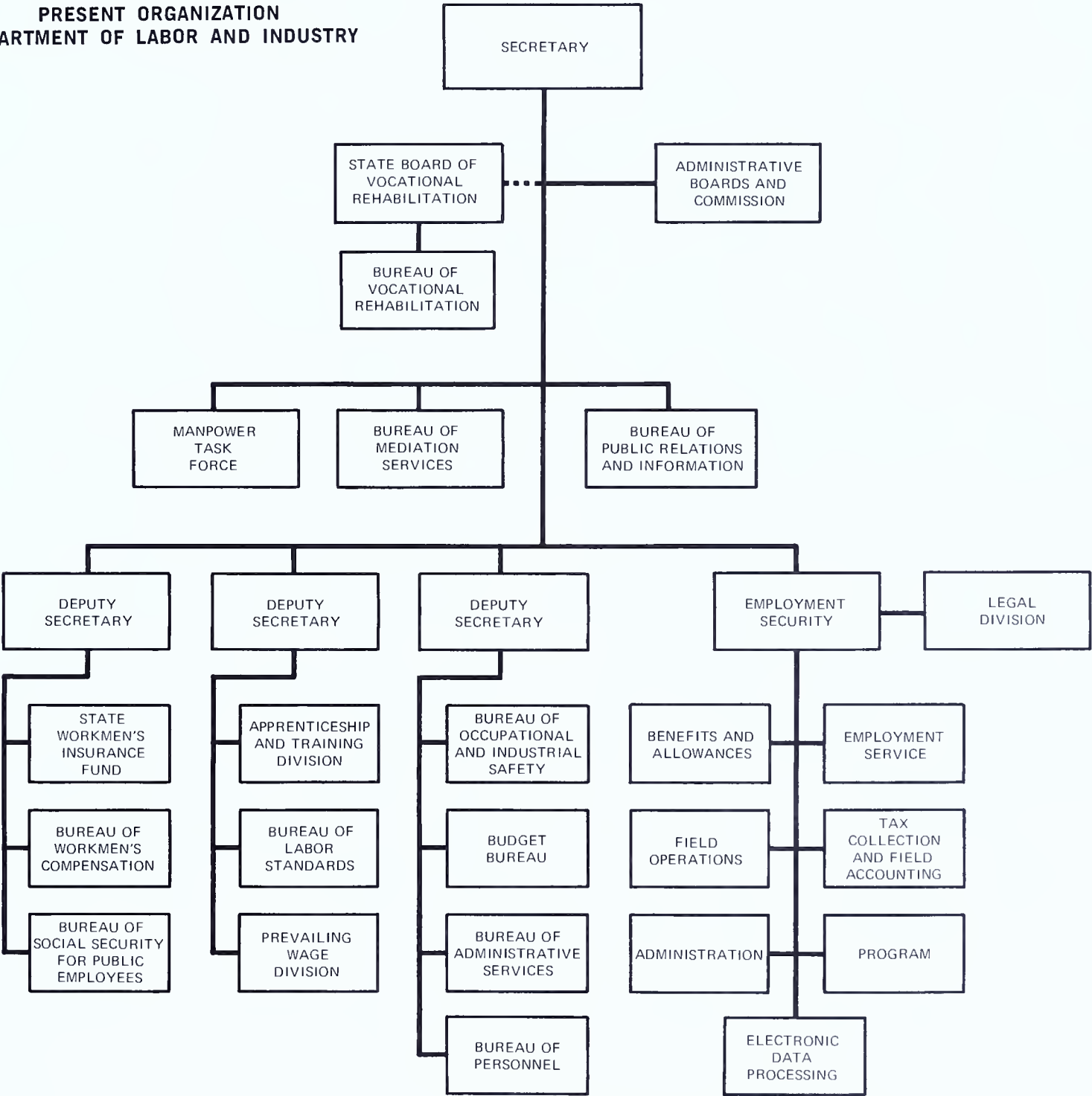
5. Reorganize the Department of Labor and Industry.

The department needs to improve its operations, communications, and services. An edited version of the present organization chart, as illustrated below, has three deputy secretaries, an Executive Director, and 15 boards reporting to the Secretary of Labor

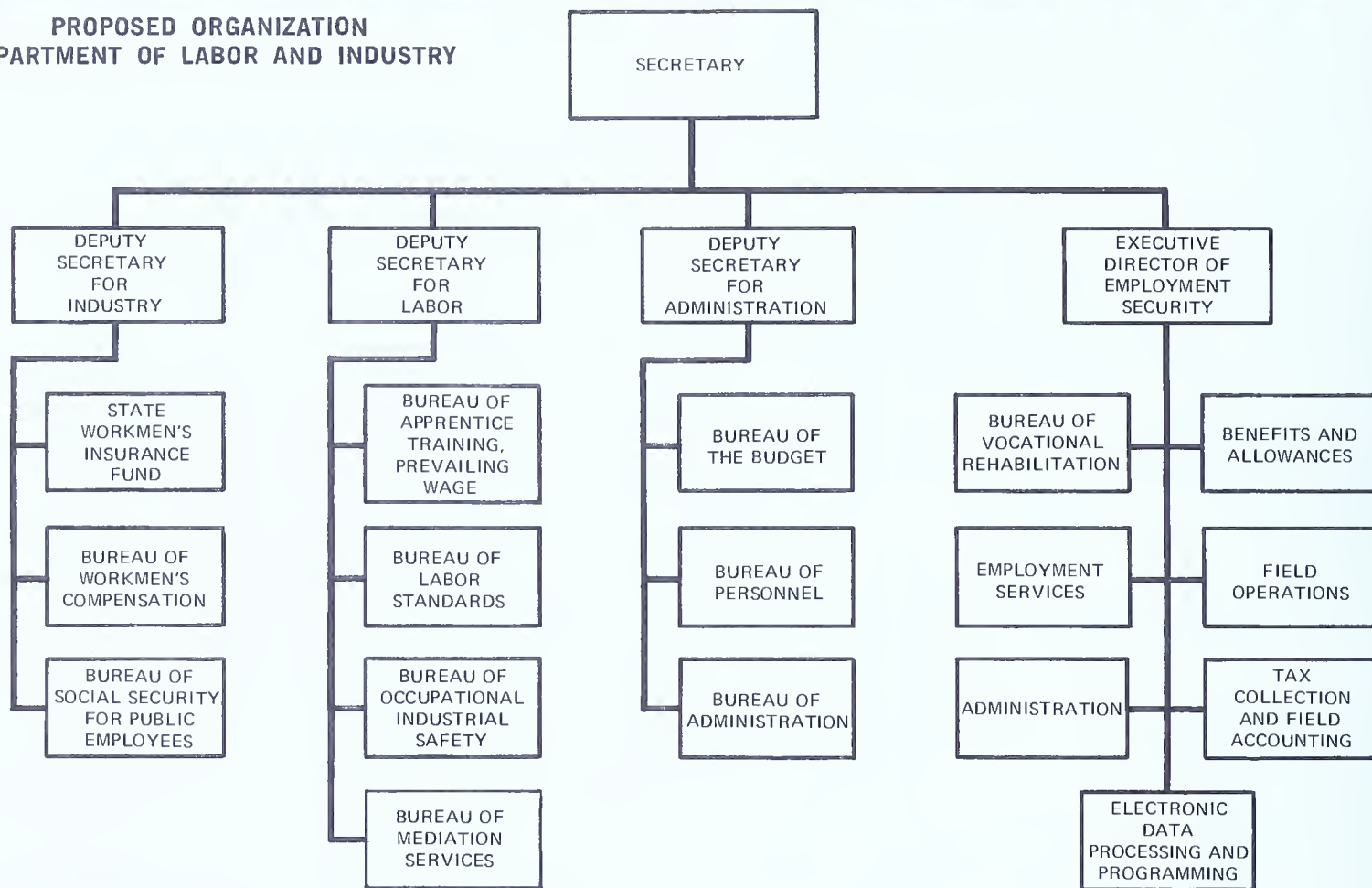
and Industry. This diffused reporting structure hampers efficient operation.

The proposed organization, as shown in the edited chart on the following page, reduces this to three deputy secretaries, an Executive Director, and one advisor. The boards would report to the deputies concerned with their activities. Also, the Bureau of Vocational Rehabilitation, presently a staff function, would report to the executive director in the Bureau of Employment Security. This realignment establishes a more logical reporting relationship and will place

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**PROPOSED ORGANIZATION
DEPARTMENT OF LABOR AND INDUSTRY**



Vocational Rehabilitation in a position to implement their EDP needs. No savings are claimed.

6. Eliminate unnecessary advisory boards from the Department of Labor and Industry.

In the formative days of labor and industrial legislation, the boards were felt to be a control implementing group which could provide enforcement and inspection in their respective areas. This is no longer a viable way to conduct the business assigned. As a result, many of these groups have either fallen into disuse or become a repository for political appointees. It is felt the following boards should be eliminated for an annual saving of \$473,000:

- ▶ Advisory Board of Problems of Old Workers.
- ▶ Prevailing Wage Appeals Board.
- ▶ Prevailing Wage Advisory Board.
- ▶ Governor's Committee on Migratory Labor.
- ▶ Manpower Task Force.
- ▶ Industrial Board.
- ▶ Boiler Advisory Board.
- ▶ Elevator Advisory Board.
- ▶ Building Advisory Board.

- ▶ Power Actuated Tool Advisory Board.
- ▶ Industrial Standards Advisory Board.
- ▶ Occupational Safety Advisory Committee.
- ▶ Blasters Examining Board.
- ▶ Blasters Advisory Board.

7. Combine the Public Relations Departments in Labor and Industry with the Governor's Public Relations Section.

Combining these units will provide an annual saving of \$19,200 to the commonwealth and \$12,800 to the federal government and should result in a more efficient communications operation.

8. Revise the practice of using per-diem trial examiners and part-time board members on the Labor Relations Board.

The present board operates with three part-time members appointed by the Governor. It meets at the pleasure of the chairman, currently twice a week. Full-time participation is needed for this activity and should be provided.

There is a widespread practice of using attorneys on a per-diem basis to hear cases. For fiscal 1972,

\$350,000 has been budgeted for this purpose. The addition of five full-time attorneys and stenographers would eliminate the need for per-diem assistance and make it possible to reduce the backlog. The annual saving would be \$350,000 while the annual cost is estimated at \$166,000.

9. Change methods used by stenographers for workmen's compensation hearings and have referees work full time.

There is a backlog of 17,000 workmen's compensation cases, caused mostly by the working methods used by stenographers at the hearings. By changing from shorthand to mask recorders, stenographers would be able to increase their work loads and referees could work full time on compensation hearings. The present complement of 30 part-time referees could thus be decreased to 15 full-time employees. The one-time cost for the necessary recorders is estimated at \$69,000.

10. Implement recommendations contained in the Plan of Action dated January 7, 1971.

The Department of Labor has not taken advantage of the EDP skills and equipment which are available in the Bureau of Employment Security. The bureau's EDP Division has been organized to permit the unit to provide complete systems coverage for the department. Implementation of the proposals made in January 1971 should provide substantial savings and increased operational efficiency.

11. Open a post office box for remittances and pick up mail two to four times daily.

Under the present system of delivering all department mail once a day, approximately 40% of the annual receipts are delayed one day. By establishing a box for remittances only and picking up mail several times during the day, there will no longer be a delay and the increased availability of funds should be about \$640,000. Invested at 5%, the annual income would be \$32,000.

12. Give priority to the 20 largest contributors and prepare a separate transmittal for morning delivery to the Treasury Department.

At present, remittances are processed as received with no priority given large dollar amounts. On the average, it takes five days to process each remittance. By establishing a priority system for large contributors, money would be deposited on the day it is received. One transmittal should be prepared and submitted to the Treasury Department before 10:30 a.m. daily and a second made in the afternoon. Implementation will provide increased availability of

\$816,000. Invested at 5%, it will earn an annual income of \$40,800.

13. Deliver transmittals directly to the Treasury Department.

All checks and transmittals are 100% audited by the Comptroller in the Department of Revenue. There has not been an error in transmittals in three years. By sending transmittals directly to the Treasury Department and sending only information to the Department of Revenue for its books, receipts would be deposited one day earlier. This would amount to an increased availability of \$640,000. Invested at 5%, the annual income would be \$32,000.

Workmen's Compensation Insurance and Social Security for Public Employees

The Deputy Secretary for Workmen's Compensation Insurance and Social Security for Public Employees directs the activities of the State Workmen's Insurance Fund, the Bureau of Workmen's Compensation, and the Bureau of Social Security for Public Employees. The State Workmen's Insurance Fund was established to ensure employers against liability to employees under the Workmen's Compensation Act of 1915. The Bureau of Workmen's Compensation administers and enforces applicable laws while the Bureau of Social Security for Public Employees supervises the federal social security program for public employees in the commonwealth.

The State Workmen's Insurance Fund is in a strong actuarial position, but the management needs organization. Positions which should be filled are vacant and there is a backlog of more than 2,000 policyholder payroll audits. Claims processing is also badly delayed.

Day-to-day management of the Bureau of Workmen's Compensation is not receiving adequate attention and several of its services are duplicates of those provided by Vocational Rehabilitation. A lack of adequate working space has resulted in filing problems as well as losses or delays in compensation payments. Additionally, the Bureau of Social Security for Public Employees has too many supervisory personnel.

RECOMMENDATIONS

14. Transfer interest earned on social security contributions to the general fund.

Income earned on these contributions before they are submitted to the federal government is main-

tained in the social security contribution fund. However, this money is not reported in the general fund cash balance and is not properly controlled by or available to the commonwealth. Transferring the income to the general fund on a quarterly basis will provide the equivalent of an additional annual income of \$2.8-million.

15. Abolish the position of attorney in the Bureau of Social Security for Public Employees.

The number of inquiries which require legal interpretation are insufficient to warrant the services of a full-time attorney. Such questions should be referred to the Legal Division of the Department of Labor and Industry. Implementation will provide an annual saving of \$21,000.

16. Combine the staff of the Bureau of Social Security for Public Employees and the Comptroller's personnel now assigned to the bureau.

The bureau has a staff of 30. Of these, 15 report to the Comptroller. Placing all employees under the direction of the Social Security Administrative Officer will eliminate two supervisory positions for an annual saving of \$31,600.

17. Charge insurance carriers for workmen's compensation supervision and hearing activities.

The total cost for supervision and hearing activities is budgeted at more than \$3.3-million with no reimbursement by the insurance carriers. Similar expenditures in 21 other states are assessed against workmen's compensation insurers. If Pennsylvania were to do likewise, an annual income of more than \$3.3-million would result.

18. Combine administrative functions and medical examinations to determine benefits for Black Lung claims now performed by the Bureau of Workmen's Compensation and Vocational Rehabilitation.

Responsibility for the medical exams should be transferred to Vocational Rehabilitation which could control the administrative input into the state and federal workmen's compensation systems. This would eliminate duplications in effort and costs and would provide an annual saving of \$660,000. The commonwealth should continue to provide medical exams to cases which do not meet federal government requirements.

19. Control Black Lung payments more accurately to eliminate duplicate payments.

A comparison of federal and state awards has uncovered 11 claimants receiving duplicate payments. Control of input and additional audits are necessary

to eliminate this error in the future. Implementation will provide an annual saving of at least \$13,200.

20. Reduce the budget of the Occupational Disease Division.

Prior transfer of Black Lung compensation cases to the federal government will reduce division expenditures by an estimated \$6.14-million.

21. Examine all disability claims paid by the commonwealth for Black Lung cases, transfer eligible applicants to the federal program, and eliminate those who do not qualify from the state program.

The federal government has assumed responsibility for certain benefits paid to disabled miners by the commonwealth. Guidelines for state and federal programs are the same. However, the commonwealth is still paying 4,500 claimants who were rejected under the federal criteria or are awaiting processing of their claims.

These cases should be examined and eligible applicants transferred to the federal program. The others should be dropped from the state program. Annual savings to the commonwealth are estimated at \$5-million. The annual cost to the federal government would be almost \$1.8-million based on past history. State cost of certification would be approximately \$270,000.

22. Establish bi-weekly audits of Black Lung payments.

Audits are needed to establish program controls which are now completely lacking. The estimated annual saving would be \$936,000.

23. Automate the records of State Workmen's Insurance Fund using the EDP equipment in the Department of Labor and Industry.

Automation should be handled by using a system which is already in operation in the Bureau of Employment Security. Input/output devices could be installed in Scranton and connected by telecommunication lines to the computer in Harrisburg. Annual savings to be realized would total \$139,000. The annual cost is estimated at \$22,000.

24. Close the branch offices at Pottsville, Sunbury, and Johnstown.

The workmen's compensation cases processed at these offices could be handled by existing personnel in the Philadelphia, Harrisburg, and Pittsburgh branches. Control of personnel would be improved and statewide work standards could be established. The annual saving would be \$245,000.

Labor Standards, Prevailing Wage, and Apprenticeship Training

The Deputy Secretary for Labor Standards, Prevailing Wage, and Apprenticeship Training enforces laws and regulations in regard to working conditions and wages paid on public works contracts. He also registers apprentices and apprenticeship training programs.

The Bureau of Labor Standards enforces the Child Labor, Minimum Wage, Wage Payment and Collection, Industrial Home Work, Equal Pay, and Medical Payment Laws in the commonwealth. The bureau also conducts research to develop new and amended labor standards legislation. The Apprenticeship and Training Division registers apprenticeship programs and persons enrolled in them. It also directs activities of 19 employer relations representatives who attempt to encourage unions and industries to sponsor new programs. The Prevailing Wage Division collects information on prevailing rates in the construction industry for various localities and prepares case findings to enforce the Prevailing Wage Law.

The number of district offices in the Bureau of Labor Standards is excessive in relation to the overall work load while the six state employee relations representatives in the Apprenticeship and Training Division are duplicating work done by 13 federal employees. Field operations of the Prevailing Wage Division are overstaffed and lack supervision.

RECOMMENDATIONS

25. Eliminate the state-supported employer relations representatives.

Six representatives whose salaries are paid by the commonwealth are duplicating activities carried out by 13 federal employees. Eliminating the state-supported positions will provide an annual saving of \$64,100.

26. Reorganize field operations of the bureau along regional lines.

The present work load varies widely from district to district. To distribute the work more effectively, the field operations should be reorganized into three regional offices. The western region, headquartered in Pittsburgh, would be responsible for Pittsburgh, Erie, and part of Altoona. The central region in Harrisburg would pick up the remainder of Altoona. The eastern region, headquartered in Philadelphia, would be responsible for Philadelphia and Scranton. Implementation would eliminate three supervisory

and three clerical positions as well as 14 inspectors for an annual saving of \$146,000.

27. Reorganize the field operations of the Prevailing Wage Division into three regions.

At present, investigators are poorly supervised and underutilized. A complement of 10 field personnel could handle the work load as follows: Pittsburgh—one supervisor and three investigators; Harrisburg—one supervisor and two investigators; Philadelphia—one supervisor and two investigators. Annual savings through staff reductions would total \$83,000.

Occupational Safety, Budget, Administration Services, and Personnel

The Deputy Secretary for Occupational Safety, Budget, Administration Services, and Personnel is responsible for department activities in regard to regulation of industrial safety and related licensing activities. He also handles departmental budget, personnel, and administrative service functions.

The Bureau of Occupational and Industrial Safety inspects facilities, equipment, and manufactured goods. Its operations are controlled by advisory boards, each with an operating division responsible for policing specific areas of responsibility. The divisions include Boiler, Elevator, Building, Migrant Labor, Private Employment Agency and Motion Picture Projectionists, Bedding and Upholstery, Field Inspection, and Personnel.

Operations in this area are overstaffed and perform unnecessary or redundant functions. Management practices are lax and the Bureau of Personnel performs minimal professional service. Work loads are poorly distributed.

RECOMMENDATION

28. Adjust fee schedule for examination of building plans by the Building Division.

The current fee schedule is out of date and should be adjusted to reflect increased costs. Basically, the existing fees should be doubled. Implementation will provide additional annual income of \$175,000.

Bureau of Vocational Rehabilitation

This bureau assists persons disabled as a result of industrial accidents, public disasters, diseases or congenital deformities. It also provides maintenance and medical treatment for handicapped persons while it trains them for self-supporting work. The Johns-

town Rehabilitation Center, Disability Determination Division, and Regular Program Division comprise the bureau's operations.

The center, with a capacity for 348 resident patients, treats approximately 1,005 handicapped individuals annually. The only criteria for admission is that the person must have a reasonable chance of returning to work. The Disability Determination Division is concerned with examining and disposing of claims for disability while the Regular Program Division contacts, screens, and introduces the handicapped into appropriate rehabilitation programs. The bureau's total fiscal 1972 budget was \$43.7-million.

The majority of the rehabilitation employees in this bureau are being used to expand welfare programs. Fiscal responsibility is nonexistent, centers are overstaffed in both counseling and clerical areas, and effective management procedures and tools are lacking. The bureau's counseling function duplicates and competes with services offered by other departments.

RECOMMENDATIONS

29. Reduce the staff of the Johnstown Rehabilitation Center.

Using the weighted average ratio of employees to patients in use at federal and related institutions, the current staff of the rehabilitation center should be reduced by 51 positions. The annual saving to the state will be \$94,000 while federal savings will total \$376,000 per year.

30. Eliminate excess staff in the regional offices.

The bureau operates 13 regional centers to implement rehabilitation of the handicapped. The work loads of the counselors vary from 200 cases to 60 while supervisors are submerged under unnecessary clerical and administrative duties. No mechanical aids are used to improve office procedures.

Through proper training of counselors, reapportioning caseloads, and employment of modern work methods and equipment, it is estimated that the supervisory staff could be reduced by 10% and the clerical force by 20%. Eliminating 168 positions from the regional offices would provide an annual saving of \$292,000 in state funds and \$1.15-million in federal money.

Bureau of Employment Security

This bureau administers the Unemployment Compensation Law and conducts the public employment services. Programs must conform to corresponding federal programs.

The Office of Employment Service is responsible for staff operations in employment counseling and placement. The Office of Benefits and Allowances processes unemployment compensation claims and issues payments while the Office of Tax Operations establishes employer contribution rates to the Unemployment Compensation Fund.

The Office of Employment Security Programs collects and analyzes statistical data, standardizes bureau methods and conducts research programs with other states and the federal government. The Office of Employment Service Administration discharges administrative functions of the bureau. The Electronic Data Processing Division maintains wage record files, processes unemployment checks and keeps employer tax accounting records as well as other statistical information needed by the bureau. The staff divisions include Management Improvement, Public Relations, Internal Audit, and Fraud Detection and Prevention.

Overall, the bureau is well managed and the EDP operation is a model of efficiency. The use of temporary personnel avoids excessive staff costs to meet peak loads. However, civil service rules limiting temporary employment to six months result in high turnover and unnecessary training expenditures. Overlapping federal programs and agency duplications make training programs inefficient.

RECOMMENDATIONS

31. Amend civil service rules to permit temporary appointments to federally financed contingency positions to be for the duration of the contingency financing.

During periods of prolonged high unemployment, a substantial number of contingency or "extra" positions in the Bureau of Employment Security may be needed for as long as several years. However, under current civil service rules, the positions must be vacated and refilled every six months. Amending the regulations will provide an annual saving to the state of \$830,000. Federal savings will total \$680,000.

32. Hire necessary staff to process unemployment claims and provide employment services even during periods of fiscal austerity.

During 1971, a year of high unemployment, the bureau was swamped with work. Employment programs in particular suffered as personnel were diverted to process unemployment claims. Federal money sufficient to hire several hundred temporary employees was available but unused because the Office of Administration applied austerity controls

to the bureau. Exempting this operation from such controls in periods of need would help reduce unemployment in the commonwealth.

33. Centralize the planning of state-funded manpower training programs in CAMPS.

In fiscal 1972, the commonwealth will spend \$8-million in various independently planned manpower

training programs. The Cooperative Area Manpower Planning System, although its purpose is to reduce duplication in these services, has only limited effectiveness. Were CAMPS given authority to plan, approve, evaluate, and control such programs, a 25% reduction in costs could be accomplished. However, this saving is not being claimed.

Department of Commerce

This department is responsible for fostering the growth of industry in the commonwealth and administering fund programs to assist in development of community facilities. It also promotes tourism and provides a variety of information services.

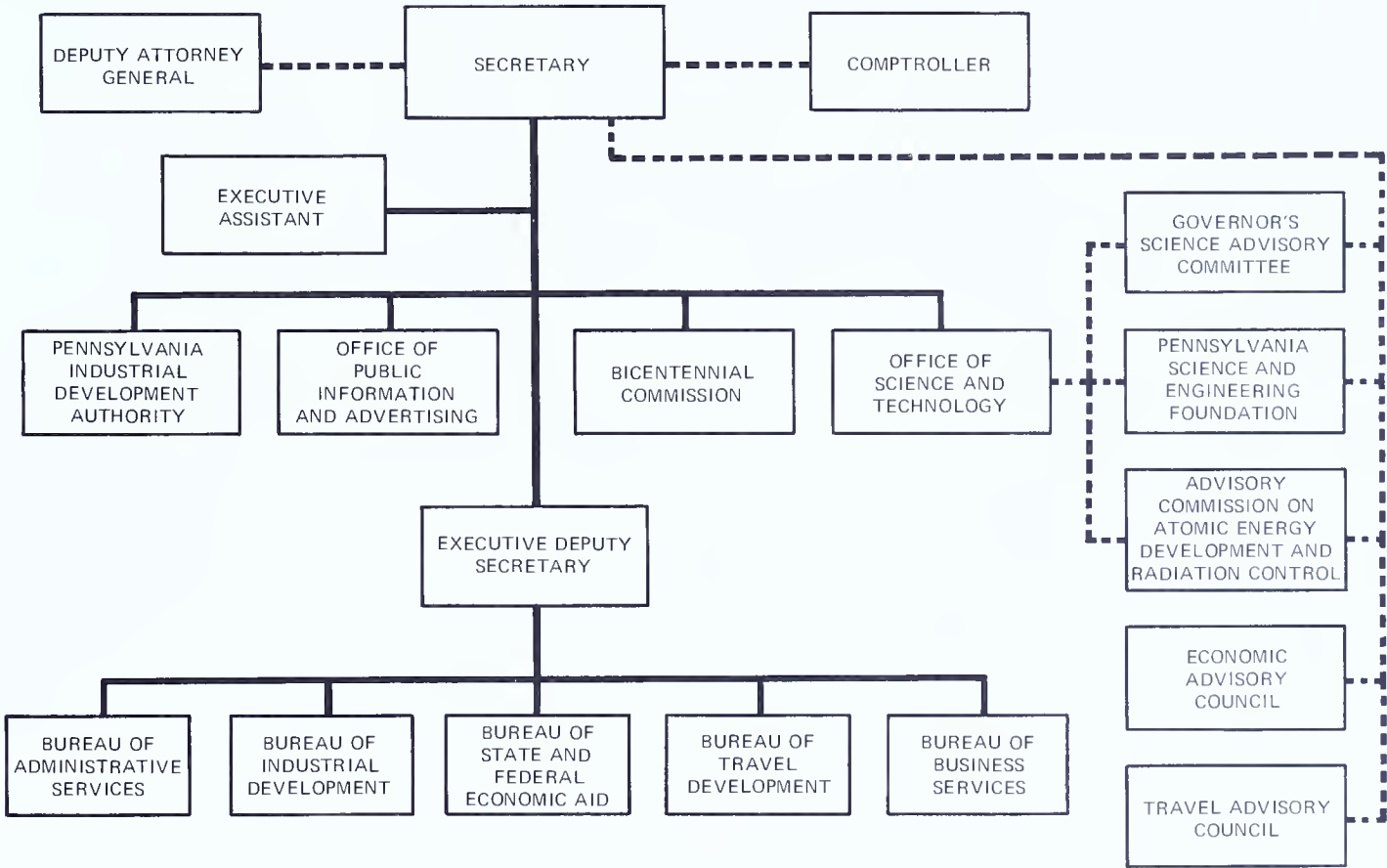
CURRENT OPERATING METHODS

The department consists of five bureaus and two offices as shown in the present organization chart depicted below. The Bureau of Business Services provides various types of information to Pennsyl-

vania's businesses. The goal of the Bureau of Industrial Development is to expand existing industry in Pennsylvania and to acquaint out-of-state industries with advantages offered by the commonwealth.

The Bureau of State and Federal Economic Aid administers those programs which distribute state and federal funds to improve community facilities in depressed or deprived areas. The largest project it administers is the Federal Appalachian Regional Development Program. The State Technical Service Division—a one-man operation—makes available

**PRESENT ORGANIZATION
DEPARTMENT OF COMMERCE**



the latest scientific and engineering information to businesses and industrial organizations.

The Bureau of Travel Development promotes tourism within the commonwealth while the Bureau of Administrative Services is responsible for supervising and preparing department budgets as well as providing other support functions. The Office of Public Information and Advertising disseminates information to various media services and places advertising materials in appropriate media. The Office of Science and Technology provides liaison with various committees and organizations.

The Pennsylvania Industrial Development Authority attempts to alleviate unemployment through promotion and development of industrial and manufacturing enterprises as well as research and development facilities in areas where unemployment is or may become a problem. It does this by offering low interest second mortgages and administering a low interest Industrial Revenue Bond and Mortgage Program.

The department's appropriation for fiscal 1972 is approximately \$17-million including grants and subsidies of more than \$14.1-million. The total authorized staff is 178 with 25 vacancies.

APPRAISAL OF OPERATIONS

The Bureau of Business Services does not appear to be effectively organized and the same seems to be true of the Bureau of Industrial Development. Industrial Development is further handicapped in its goal of promoting Pennsylvania's advantages to industry by an unfavorable business tax structure in the commonwealth. In addition, its regional offices are ineffective because of inadequate guidance.

The Bureau of Travel Development suffers from a lack of correlation in the measurement of money spent for travel and tourist development. Also, distribution of travel literature is inefficient. The Bureau of Administrative Services performs its functions well, but there appears to be some overstaffing. The Office of Public Information and Advertising is of questionable value to the department while the Office of Science and Technology is in need of a feedback mechanism to obtain reports from grant recipients.

RECOMMENDATIONS

- 1. Merge the Bureaus of Business Services and Industrial Development and change the name to the Bureau of Industrial Development and Services.**

These two units have similar goals and can function better together, eliminating certain staffing redundan-

cies. In merging these bureaus, the marketing and product research activities of Business Services would combine with the Statistics and Research Division of Industrial Development.

Special projects—now a function of Business Services—would be eliminated. International trade and port development would be moved intact to the new organization while the Federal Procurement Division and Interdepartmental Clearing Council would become part of the Business Services Division of the proposed bureau. Implementation would provide annual savings of \$67,900.

- 2. Eliminate the position of assistant director in the Bureau of State and Federal Economic Aid.**

Responsibility for the Pennsylvania Technical Assistance Program may be moved from this bureau to the Office of Science and Technology. If this is done, the need for an assistant director will be eliminated. Annual savings of \$14,900 can be expected.

- 3. Eliminate the positions of assistant director and budget analyst in the Bureau of Administrative Services.**

Because the director is handling two positions on a temporary basis, there is a current need for an assistant director. When this situation is resolved, the assistant position should be eliminated. In addition, the director plans to abolish a budget analyst position, turning the duties over to the program analyst. Implementation will provide a combined annual saving of \$23,700.

- 4. Eliminate the Office of Public Information and Advertising.**

The department's need for a positive relationship with the news media is recognized. However, the functions of this office could be handled by an information specialist and a secretary, who could be transferred to the Secretary's Office. Since there is no way to measure the value received from advertising and printed travel promotions, the budgeted amount of \$690,000 for this activity should be revoked. Money authorized for industrial promotion should be reallocated to the Bureau of Industrial Development.

Implementation will provide a one-time saving of \$690,000 and an annual saving of \$47,500. Camera and darkroom equipment should either be sold or turned over to the Department of Transportation.

- 5. Eliminate the Bureau of Travel Development.**

The functions of this bureau are either unnecessary or could be assimilated into other units. The Travel

Promotion Assistance Program should be abolished and the budgeted appropriation returned to the general fund. The Inquiry and Answer Section can be relocated in the Bureau of Administrative Services and travel information distributed from the Governor's Information Center in the Capitol Building. Implementation will provide annual savings of more than \$1.2-million.

6. Reorganize the department's Bureau of Industrial Development.

The regional offices should be eliminated since they put the bureau in a competitive position with local chambers of commerce, utilities, industrial development authorities, and business groups. The department should act as a consultant and supplier of information to these groups rather than a competitor. Necessary services ought to be provided by the bureau's Division of Plant Location.

In reorganizing the bureau, the topographic and aerial mapping function should be moved to the

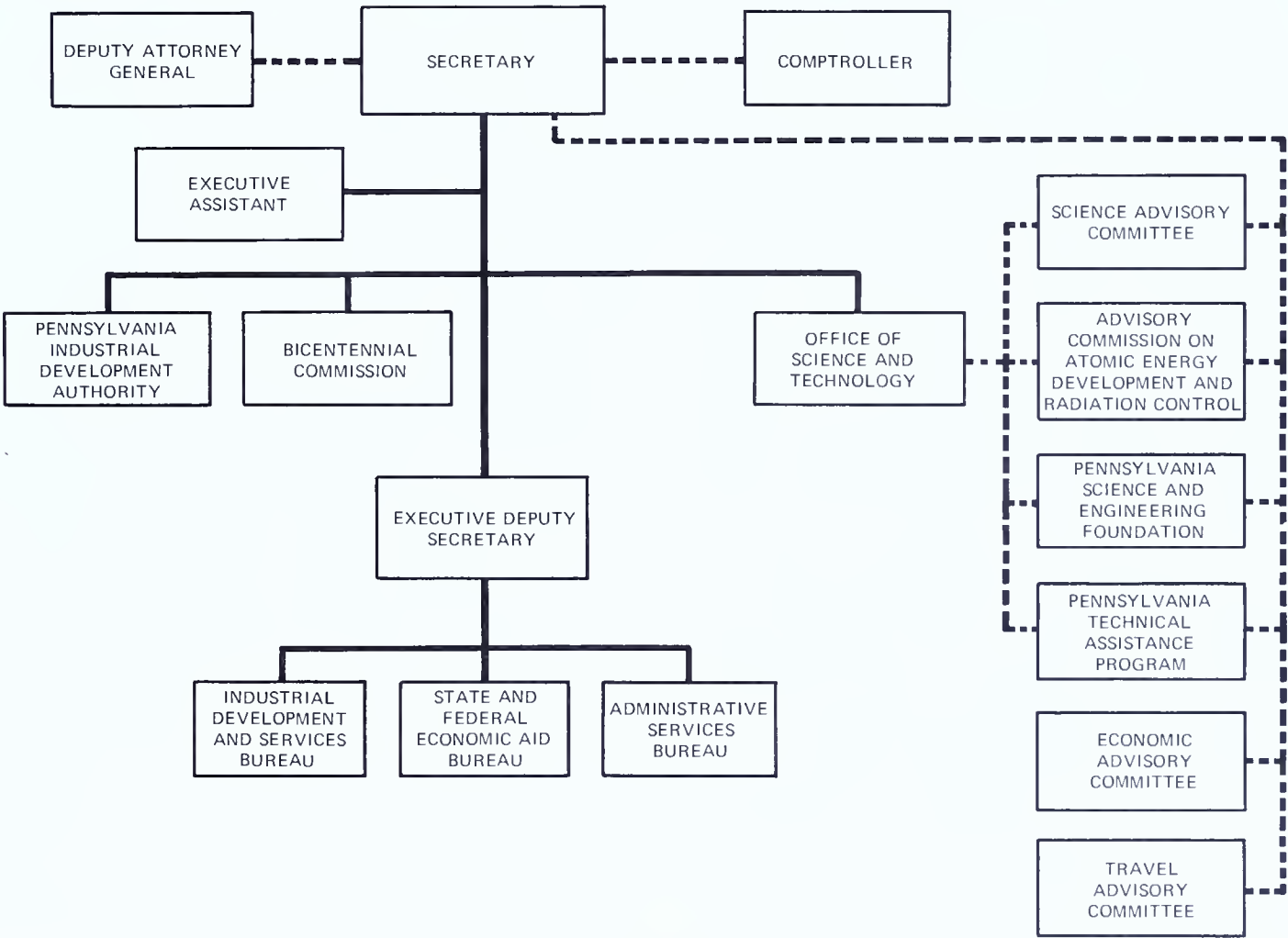
Department of Transportation which is almost the sole user of this service. The Research Division should be eliminated and its responsibilities assumed by the Statistical Division. The data processing operation should be moved from Statistical to the Bureau of Administrative Services.

Implementation will provide an annual saving of \$263,000. Previous recommendations have assigned some additional responsibilities to the bureau and the new Department of Commerce organization is illustrated in the chart below.

7. Conduct a work measurement study of clerical operations.

By conducting such a study, there is a potential reduction of four clerical positions in the Bureaus of Industrial Development and Services and Administrative Services. Implementation of the proposed work management study should provide an annual saving of approximately \$21,000. However none is claimed.

**PROPOSED ORGANIZATION
DEPARTMENT OF COMMERCE**



8. Use the central motor pool in Harrisburg.

A total of 19 cars are now rented from the Department of Property and Supplies. The need for 12 of them will be eliminated with the abolishment of the Bureau of Travel Promotion and the regional offices. By substituting motor pool cars for the others, the department would realize an annual saving of \$23,900. The cost of implementation would be \$3,100 per year.

9. Implement recommendations made by the Bureau of Systems Analysis in the Office of Administration.

A study performed in September 1971 made the following recommendations which should be implemented for an annual saving of \$100,000:

- Eliminate the present procedure for compiling data used in the Pennsylvania Industrial Directory and substitute magnetic tapes from the Department of Labor and Industry to produce this information.

- Discontinue the manufacturing series reports.

- Conduct a survey of users to determine what data are needed and which publications are utilized.

10. Consider using private voluntary assistance to establish department goals and programs.

The Department of Commerce should consider forming an advisory committee of 25 to 30 volunteer businessmen to assist it in establishing goals and programs. Thought should also be given to working more closely with established business organizations such as the National Association of Manufacturers and various chambers of commerce.

Several years ago, a group of businessmen formed an organization called 100,000 Pennsylvanians to promote the commonwealth as an attractive place for new industry. A similar volunteer effort should be studied as a means of helping the Department of Commerce accomplish its objectives.

Department of Environmental Resources

This department is charged with protection, conservation, improvement, and management of the natural resources of Pennsylvania including air, water, minerals, forests and, to a limited degree, recreation facilities and housing.

CURRENT OPERATING METHODS

The department was created in 1971 by transferring functions relating to environmental resources from the Departments of Health, Commerce, Agriculture, Transportation, Labor and Industry, and Community Affairs. It also absorbed the Departments of Forests and Waters as well as Mines and Minerals.

The organization consists of the Secretary, five deputies, the Soil and Water Conservation Commission, and the State Board for Certification of Sewage Treatment and Waterworks Operations. In addition, it provides counsel to and establishes policy with the Environmental Quality Board and the Citizens Advisory Council. The Environmental Hearing Board adjudicates appeals from the department's rulings.

The Deputy for Administration is responsible for the Bureaus of Personnel Services, Fiscal Management, Management Systems, and Office Services. The Deputy for Environmental Protection and Regu-

lation supervises the Bureaus of Mine and Occupational Health and Safety, Land Protection and Reclamation, Water Quality Management, Air Quality and Noise, Community Environmental Control, and the Office of Radiological Health. He is assisted by two associate deputies.

The Deputy for Resource Management manages the Bureaus of Forestry, State Parks, and Facilities Operation and Maintenance as well as the Office of Soil and Water Conservation. The organization of the Deputy for Engineering and Construction includes the Bureaus of Engineering, Consulting Services, Planning and Development Research, Construction, and Operation and Maintenance. The fifth official is the Deputy for Enforcement who heads a staff of 44 investigators.

APPRAISAL OF OPERATIONS

The department is severely handicapped by an organizational structure which allows duplication of functions among its bureaus and divisions, inhibits policy communication and direction, and confuses the separate missions of resource management and enforcement. In transferring activities from other departments, entire structures with all their ineffi-

ciencies were settled into the new department. Management problems are compounded by the fact that department personnel are housed in seven buildings, three of them outside the capitol complex.

Some activities of the department do not merit continuation. Others require greater emphasis. Field operations are hampered by too many regional offices which are not functionally integrated.

RECOMMENDATIONS

1. Eliminate the associate deputies and supporting personnel in Environmental Protection and Regulation.

The functions in this area can be adequately supervised by the deputy. Eliminating the two associates and supporting personnel will provide an annual saving of \$72,300.

2. Abolish 14 positions in the Bureau of Personnel Services.

There is no need for a personnel analyst to administer safety functions. A preventive safety program would be better directed from the bureau chief level. Annual savings would be \$11,100. In addition, the completion of a computerized personnel system has made seven of the 13 clerical positions in the Transactions Division redundant. Abolishing them will produce \$43,000 in annual savings.

The Manpower Management Division has an authorized staff of five professionals excluding the chief. One professional with some assistance from the chief could handle the activities in this area, resulting in annual savings of \$53,200. Also, two of the department's training specialists should be eliminated once current programs in labor relations and contract interpretation have been completed. Savings are estimated at \$25,600. Implementation will provide total annual savings of \$132,000.

3. Dispose of the Schuylkill River dredges and contract for future work as necessary.

Dredging is done under contract using state-owned equipment. Since their acquisition in 1950, the dredges have been in use only 10% of the time. Disposing of this equipment will provide an annual saving of \$36,400 and a one-time income of \$77,000. There will also be a one-time saving of \$152,000 by eliminating estimated repair costs.

4. Eliminate the proposed Bureau of Facilities Operations and Maintenance.

The functions of the proposed bureau should be handled by the Bureau of Operation and Maintenance since it is already engaged in pumping and flood

control projects. Implementation will provide an annual saving of \$115,000.

5. Abolish the proposed position of program specialist to assist soil and water conservation districts in land acquisition.

At present, there are three highly qualified specialists who can advise districts on land acquisition. An annual saving of \$14,500 will result from not filling the proposed position.

6. Reassign soil and water conservation districts.

Currently, there are seven field representatives handling from four to 12 districts. The work load should be reassigned to establish five areas with nine districts and two areas with 10. This would make it unnecessary to add to the field force and would provide an annual saving of \$12,500.

7. Increase the license fee for public eating and drinking places to \$18 to cover inspection and licensing costs.

The average cost per inspection alone is almost \$16. By raising the license fee to \$18, the annual income will be increased by \$297,500. This amount has been claimed elsewhere.

8. Eliminate five positions in the Division of Land Acquisitions.

Because of reduced responsibilities in the division, the attorney, three administrative assistants, and one clerk/steno should be eliminated. Annual savings of \$56,100 are anticipated.

9. Eliminate the Division of Minerals from the Bureau of Forestry.

The division's major responsibility is the review, execution, and follow-up of leases for underground mineral rights and natural gas storage. It also performs geological surveys. This responsibility is closely related to activities performed in the Bureau of Planning and Development Research. Transfer of the division chief to this bureau and elimination of the balance of the staff would provide an annual saving of \$61,500.

10. Transfer Special Use Branch responsibilities to the Division of State Forest Management.

The two forester positions in this branch are no longer required since the major portion of new business activity has been canceled. Renewal of campsite leases is a clerical function which is being accomplished efficiently. Acquisition of rights-of-way agreements can be handled by the assistant chief in the Division of State Forest Management. Annual savings will be \$31,400.

11. Combine the land management staff and field organizations of the Pennsylvania Fish and Game Commission and the Bureau of Forestry.

Both organizations practice the same land management principles to produce better trees and game foods. Commission field offices are located in or near the same towns as the bureau's district offices. The two groups have worked together often and consolidation of their field facilities will provide an annual saving of \$852,000.

12. Transfer six state parks and one forest picnic area to federal or local government agencies.

The Independence Mall State Park should be transferred to the National Park Service. G. W. Childs State Park is contiguous to the National Park Service, Delaware Water Gap National Recreation Area, and should be made its responsibility. Trough Creek State Park should be administered by the Corps of Engineers, Roystone Reservoir Area. The Mont Alto, Ralph Stover, and Susquehanna State Parks as well as the Lick Hollow Forest Picnic Area should be donated to local borough, county or city park boards. No savings are claimed.

13. Transfer maintenance of 37 state forest picnic areas to the Bureau of Forestry.

These areas average 30 acres in size. In most cases, they are a considerable distance from the responsible state park, making them inefficient to maintain. Implementation will provide an annual saving of \$27,000.

14. Increase the fees for overnight camping, boat launching, and mooring at state parks.

Based on national statistics, fees charged for state park facilities rarely approach the cost of operation and maintenance. However, revenues from the Pennsylvania State Park System approximate only 13% of such costs as compared with a nationwide average of 36%. Rates should be raised and reviewed periodically.

Camping charges should be increased to \$2 for primitive sites and \$3 for improved facilities. Launching fees should be raised to \$7.50. Total additional income to be generated from implementation is estimated at \$409,000 per year.

15. Study a system of guaranteed reservations for campsites.

Demands for campsites often exceed the number available. As a service, guaranteed reservations could be made and a small fee charged to cover the cost of administration. Use of such a system would:

- ▶ Expedite handling of campers on peak days.
- ▶ Permit paperwork to be done in slack periods.
- ▶ Facilitate better planning of park services and activities.
- ▶ Allow for referrals to other parks when capacity conditions are reached.

16. Revise the bidding procedures for concession contracts.

Concessions are used to operate a variety of parks services. Contracts are awarded on the basis of high bid for each service. Total income to the commonwealth from this source in fiscal 1971 was about \$200,000. This is extremely low compared to other states and the national average. Bidding procedures should be revised to attract more qualified concessionaires and ensure a better return to the commonwealth. Implementation should provide additional income of at least \$200,000.

17. Establish a budgetary control and cost accounting system for the Bureau of State Parks.

Effective budgetary planning and control cannot exist unless a system is established to provide:

- ▶ Costs for services provided.
- ▶ Budgets consistent with functions performed and derived from documented standards or measures.
- ▶ Expense comparisons to show attendance, services, and other data.
- ▶ Meaningful evaluations of performance.

The one-time cost of implementation is estimated at \$60,000. Of the 162 authorized but vacant positions in this bureau, 68 should be deferred for an annual saving of \$600,000.

18. Establish a \$500 petty cash fund for minor operations and maintenance supplies and increase approval limits for maintenance purchase orders and contracts.

At present, expenditures for supplies in excess of \$10 require a lengthy, cumbersome purchase order routine. In many instances, several purchase orders are necessary to secure required repair parts.

Establishing a \$500 petty cash fund for park superintendents, backed up by invoices, will significantly improve maintenance scheduling. In addition, the \$50 limit on telephone bids for contracted maintenance and repair work should be raised to \$500. The

limit for local sealed bids should also be increased to \$500. No savings are claimed.

19. Abolish the Office of Legal Services.

This unit's duties can be maintained by the Deputy Secretary of Enforcement, the staff of the Deputy for Legislation and Boards, and the Office of Public Information. No savings are claimed because implementation took place largely during the course of the study. The annual saving is estimated at \$350,000.

20. Eliminate the Bureau of Consulting Services and merge the Bureaus of Engineering and Construction.

The Bureau of Consulting Services arranges for contract engineering when in-house capability is unavailable. Better scheduling would eliminate peak engineering loads and this bureau could be abolished. Merging the engineering and construction activities into a single unit will reduce the administrative burden and improve project scheduling. The annual saving would total \$447,000.

21. Consolidate field activities in Mines and Land Protection into three regional offices.

At present, the field force is operating from more than 40 locations. Regional offices should be established in the major coal producing areas in the southwest and northeast as well as in Harrisburg. Implementation would allow a consolidation of personnel resulting in annual savings of \$841,000. Cross-training of the inspectors would be necessary, but this can be accomplished by existing personnel at no additional cost.

22. Conduct a work measurement study of clerical operations in the Division of Occupational Health.

By applying work measurement techniques and establishing clerical pools, there is a potential saving of \$25,000. No savings are claimed.

23. Conduct a work measurement study of clerical operations in the Bureaus of Water Quality and Community Environmental Control.

By applying work measurement techniques and establishing clerical pools, there is a potential annual saving of \$181,700. No savings are claimed.

24. Conduct a work measurement study of clerical operations in the staffs of the Deputy for Engineering and Construction.

By applying work measurement techniques and establishing clerical pools, there is a potential saving of \$72,200. No savings are claimed.

25. Sell surplus land acquired for dredging basins.

This land was acquired to provide dredging basins for material removed from the Schuylkill River. The project was begun in 1947 and completed in 1951. Selling the surplus land will provide a one-time income of \$406,000. Invested at 5%, this will produce an annual income of \$20,300. Annual labor savings will amount to \$27,000.

26. Reorganize the Department of Environmental Resources.

The existing organization is an amalgamation of bureaus, divisions, and offices acquired from other departments. Restructuring is necessary to reduce duplications, improve administrative control, raise efficiency, and plan for future needs.

The suggested organization would divide the department into four functional areas: administration, environmental standards and regulations, enforcement, and operations. Each would be headed by a deputy. There would also be a Legislative Assistant and Boards Secretariat and an Office of Planning and Research. The Citizens Advisory Council would continue in its present relationship to the secretary who, in effect, would report to an Environmental Quality Board.

Department of Agriculture

This department is charged by numerous laws to control animal and plant diseases and insect pests; safeguard the public against impure and misrepresented foods, feeds, fertilizers, and pesticides; and ensure licensing and control of dogs. It also has administrative liaison with the State Farm Products Show Commission and the State Harness Racing Commission.

CURRENT OPERATING METHODS

The department is administered by the Secretary of Agriculture appointed by the Governor with the approval of the Senate. Its various bureaus and divisions are under the direction of two deputy secretaries. The Executive Deputy Secretary for Administration directs functions concerned with development of plans and programs, coordination of

procedural and technical support, and administrative matters. The Deputy Secretary of Programs coordinates field operations which are principally regulatory and involve enforcement of laws related to the department. Total expenditures for fiscal 1971 were slightly more than \$9.3-million, excluding those for the State Farm Products Show Commission and State Harness Racing Commission.

In the Secretary's Office, the Bureaus of Administration, Public Information, and Plans and Research report to the Executive Deputy Secretary for Administration. The Bureau of Administration is separated into five divisions: Office Management, Fiscal Management, Personnel, Management Information Systems, and Management Services.

The Bureau of Animal Industry is a regulatory body charged by law with the prevention, control, and eradication of transmittable diseases of domestic animals and poultry. The Bureau of Dog Law Enforcement plans, directs, and coordinates a statewide enforcement program of laws and regulations pertaining to the sale, transportation, detention, and destruction of dogs. Additional responsibilities include the licensing of dogs and kennels, payment of indemnities, reimbursements, and subsidies as well as issuing licenses and collecting fees for domestic mink ranches. The Bureau of Foods and Chemistry protects the health of Pennsylvania's consumers through supervision and inspection of the food supply. It also prevents fraud or deception in the farming, manufacture, distribution, and sale of food products. The Bureau of Plants Industry identifies the presence and cause of disease in plants, recommends control action, and conducts a plant seed certification program.

APPRAISAL OF OPERATIONS

Money allotted to research under provisions of the Pennsylvania Fair Fund does not further department objectives and could be better spent. In addition, there is no system for evaluating or updating license fees and fines. Because of the nature of their work, technical personnel are not always fully utilized while a lack of planning on the part of the central staff has made field procedures merely continuations of the past.

Field inspections overlap although in some areas, such as meats, the frequency is far below that deemed satisfactory. In the Secretary's Office, there is evidence of some clerical overstaffing and inefficiency. Effective program management is lacking in projects handled by the Bureau of Animal In-

dustry and the regional offices do not receive sufficient direction from the central divisions. In addition, the bureau is hampered by organizational field problems.

Operational effectiveness of the Bureau of Dog Law Enforcement is low and employee turnover substantial. This has a detrimental effect on bureau operations. No long-range plans exist for this unit and there is no follow-up on annual license renewals. The Bureau of Foods and Chemistry is attempting to fulfill its obligations with a limited inspection staff. Examinations of food for human and pet consumption are at a minimal level with the average inspection per establishment being once every 15 months.

RECOMMENDATIONS

1. Evaluate the effectiveness of the Pennsylvania Fair Fund.

The fund administers and distributes money from pari-mutuel betting to fairs and shows throughout the commonwealth. In 1970, this amounted to slightly under \$1.2-million distributed to 102 agricultural fairs. Since 1965, additional funds have been provided to the Department of Agriculture for research projects at an average yearly expenditure of \$375,000.

Money granted to fairs and shows does not seem to be used effectively. Some do not need the grants, others require more adequate support, and still more do not appear to benefit the community.

About 75% of the money allotted to research is actually granted to colleges and universities. Most of the funds are not spent on projects which are in line with department objectives. Therefore, a study should be made to evaluate the distribution of proceeds from this fund. It should define requisites for allocation of this money, review accounting controls, and recommend changes in the law, if necessary, to increase the benefit to the commonwealth. Implementation of this study would involve a one-time cost of \$5,000.

2. Develop an integrated information and scheduling system to increase the effectiveness of the field inspection force.

There are 315 inspectors dealing with a dozen or more specialties. There is no centralized planning and inspection scheduling is left to individual supervisors. By identifying necessary factors—type of inspection, desired frequency, number and type of establishment, and location—and establishing a position of general agriculture inspector, personnel

could be trained to inspect the majority of locations in a more effective manner. Examinations requiring specific skills would be assigned to a separate group.

Such a system would lend itself to computer techniques to categorize the inspection factors and set up the physical routes. Implementation would improve the efficiency of existing field forces in the range of 10% to 20%. Current plans call for expanding field inspections by 50 positions. However, implementation with the forecasted 10% improvement in the existing force will defer or eliminate the need for 30 of these inspectors. Annual saving will be \$286,000. The one-time cost will be \$25,000.

3. Organize a central typing pool in the Bureau of Administrative Services.

A central pool of two clerk typists could supply 215 hours of typing per month which is sufficient to meet the bureau's requirement. This would eliminate four positions for an annual saving of \$26,600.

4. Develop a computer system to maintain motor vehicle records and related costs.

The present manual system is used to provide a means to identify and transfer vehicles and maintain related cost records. Work loads include coding and sorting approximately 4,000 documents per month for input into a computer system and for manual summaries. This activity requires two full-time and one part-time employee.

A computer system could provide the same information and would also produce a report showing which high mileage vehicles should be transferred to low mileage areas. Implementation would require a part-time employee, providing an annual saving of \$12,200. The one-time installation cost is \$1,600.

5. Eliminate three positions in the Management Information Systems Division.

A vacant supervisor's position is no longer needed because of a change in equipment while the key-punching capacity exceeds present requirements by one operator. In addition, a computer systems analyst position could be eliminated since most organizations maintain a ratio of two or three programmers per analyst. The division's current ratio is one to one. Savings from implementation would be \$31,800 per year.

6. Implement a computer system to process and store health certificates and test reports.

Development of such a system to review and process animal health charts, prepare health certificates, and

maintain an historical record of animals by herd will allow the department to give better service and obtain more effective management information reports. In addition, a computer system would eliminate the need for duplicate records in regional and central offices. Annual savings would amount to \$25,100. There would be a one-time cost of \$15,000 and an annual cost of \$6,300.

7. Abolish the Bureau of Dog Law Enforcement.

The efforts of this bureau to plan, direct, and coordinate a statewide enforcement program for dog control have been almost totally ineffective. In recognition of this, many municipalities have organized and staffed local licensing and control operations. As a result, the major function of the bureau is simply to provide revenue for the commonwealth.

Elimination of this organization will provide an annual saving of \$733,000. Implementation will also mean a loss of income from licensing activities amounting to more than \$1.1-million annually. However, this revenue can be expected to flow through municipal units set up to license and control the dog population. If the bureau is abolished, it will be necessary to transfer the overall coordinating function to another organization within the Department of Agriculture.

8. Provide a procedures manual for the Bureau of Foods and Chemistry.

A manual should be provided to the regional offices by the bureau's director to give regional supervisors a tool with which to evaluate field work. Implementation will provide greater efficiency and no costs other than minor printing charges are anticipated.

9. Require competitive bidding for contract laboratory work.

Present laboratory sources have had their contracts renewed without question for many years and have become less attentive to service and costs. Competitive bidding on an annual basis will provide the Bureau of Foods and Chemistry with an opportunity to review performance and charges. There is a savings potential in reduced cost per sample analysis and more effective prosecution of violations by the bureau. No savings are being claimed.

10. Stagger renewals of licenses and permits over a 12-month period.

The office staff of the Bureau of Foods and Chemistry which issues licenses and permits has other routine duties associated with processing food law violations. Since licenses and permits are primarily

renewed effective January 1, a peak load situation is created which disrupts normal operations for several weeks. Staggering the renewal dates would eliminate the problem and reduce staff requirements by one clerk for an annual saving of \$5,600.

11. Close operations at the Evans City and Tunkhannock Animal Industry Laboratories.

Activity at these facilities is limited in scope and low in volume. Closing them will not impair the services provided by the department and will provide an annual saving of \$73,000.

12. Increase license fees to cover cost of issuance.

A minimum cost of \$15 per license is presently incurred by the department to process and administer its permits. Raising existing fees to this level will provide an annual increase in income of \$143,000.

State Harness Racing Commission

This commission is an administrative unit within the Department of Agriculture. It has jurisdiction over all pari-mutuel activities for harness racing in the commonwealth and over the corporations, associations, and individuals engaged in these activities. It establishes and enforces the rules and regulations pertaining to harness racing within Pennsylvania.

This commission consists of three members appointed by the Governor for a term of three years. The commissioners employ an Executive Secretary to carry out the policies which they establish. A present organization chart is shown below.

The commission maintain an office at each track where photographing, fingerprinting, and licensing

of all persons with access to the track are handled by three to four commission employees. Fees vary although none exceed \$5 and licenses are renewed annually.

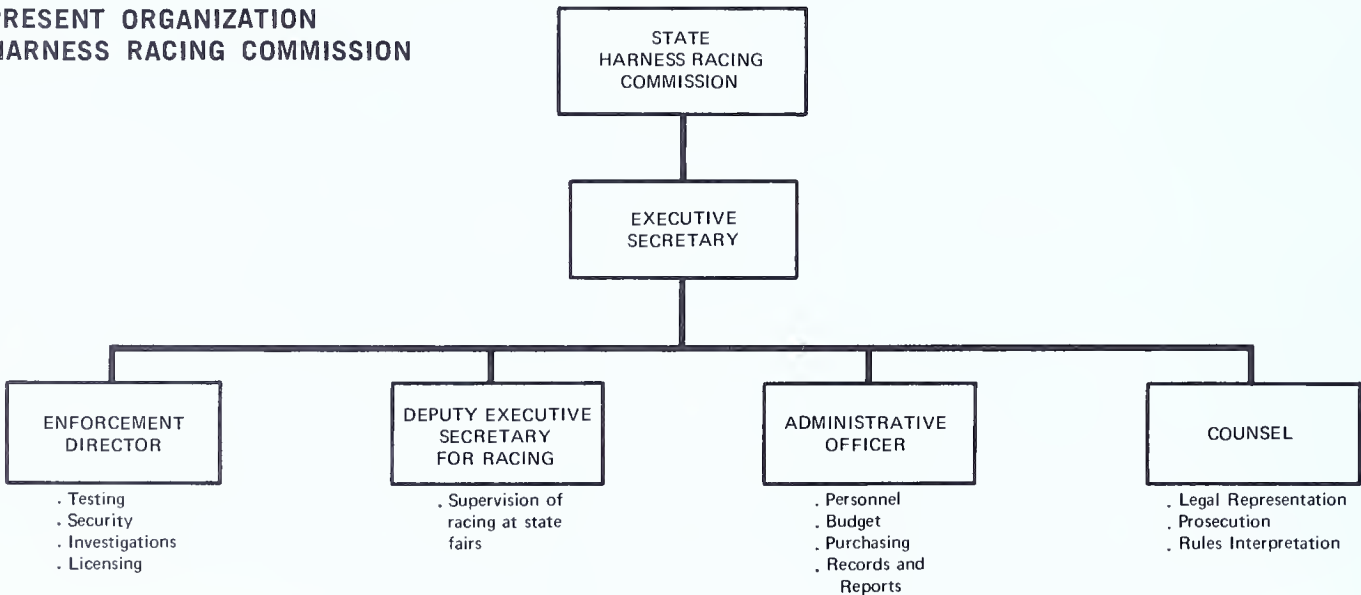
A veterinarian and two assistants are on duty at each track to check horses for fitness prior to the race and to obtain saliva and urine samples of designated horses. The samples are processed at a commercial laboratory. Weekly charges of about \$1,200 are paid by the association sponsoring the meet.

An enforcement officer is assigned to each track and the five licensed racing associations must maintain a commission-approved security program. The Enforcement Director enforces commission rules and regulations and conducts investigations of alleged violations. The Legal Officer interprets the rules and regulations and represents the commission at hearings and appeals.

The commission receives 7% of the amount wagered each day plus 50% of an amount known as "breakage." A 5% tax on admissions is also paid and the total income for fiscal 1971 was almost \$8.6-million. Operating costs totaled \$430,900 and, after transfers to various school districts, community improvement funds, and the Pennsylvania Fair Fund, the general fund received almost \$6-million.

While regulation of harness racing appears effective, the occurrence of 60 suspensions at one track during 1971 indicates that penalties may be too light. Despite the high cost of the present testing methods, unlawful dosing is not discovered until a day or more after the race.

**PRESENT ORGANIZATION
STATE HARNESS RACING COMMISSION**



Since commissioners' terms are not staggered, it would be possible to appoint all new members every three years with a consequent loss of valuable experience. Verification and collection of the commonwealth's portion of pari-mutuel betting funds, a responsibility of the Department of Revenue, are not efficient. Facilities are shared with the State Horse Racing Commission and there is a duplication of licensing equipment.

RECOMMENDATIONS

13. Combine the administration of the State Harness Racing Commission with that of the State Horse Racing Commission.

While flat racing and harness racing have some differences, the problems of licensing, horse testing, and track security are common to both and should be administered by a single staff. A chart of the proposed organization is given on page 78. Estimated annual savings are claimed in the State Horse Racing Commission report.

14. Eliminate at-the-track licensing activities.

The commission staffs an office at each track to issue licenses to qualified personnel. When qualifications are questionable, a temporary license may be issued. Persons must be licensed separately for harness racing meets and for work at individual tracks. These procedures should be changed as follows to eliminate licensing at tracks:

- Issue licenses applicable to all tracks.
- Require advance licensing by mail, using passport-type photographs which are submitted by the applicants.

The estimated annual savings from implementation should total \$14,400.

15. Install a system of pre- and post-race testing at the track under commission supervision.

The present system of post-race testing involves the winning horses and others selected at random by the judges. Samples must be transported to Philadelphia and are not tested until the following day. This causes a delay in investigation and prosecution of violations.

Ohio harness racing tracks use a system of pre-race blood tests and post-race urine tests. The U. S. Trotting Association considers that this practice provides a deterrent because of the pre-race testing of all horses. Implementation would provide annual savings of \$10,200.

State Farm Products Show Commission

This commission stages the annual Pennsylvania State Farm Show and manages the Farm Show Building and property in Harrisburg. The show serves as an incentive to improve and promote agriculture in Pennsylvania.

The commission consists of nine members and activities are conducted under the supervision of a director appointed by the Secretary of Agriculture. Divisions include Administrative, Show Management, and Building Maintenance. In fiscal 1971, the combined budget was \$843,200. Operating revenue for 1971 totaled \$770,000 of which \$340,000 came from the general fund and \$430,000 from exhibitors' fees, concessions, rentals, and service charges. Expenditures for the same period were \$840,000. Over the past four years, the general fund share of these expenditures has been increasing. The heating plant of the Farm Show Building also supplies the Agriculture Building.

When the Farm Show Building became available in 1931, there was an unsuccessful attempt to change the date of the Pennsylvania State Farm Show from January to November. The question was last debated in 1950. Since then, snow and icy roads have drastically cut attendance at the show many times. In addition to the farm show, the All-American Dairy Show, Keystone International Livestock Exposition, and the Pennsylvania Junior Dairy Show are sponsored by the commonwealth.

The past five years have seen a 20% increase in activities with no additional employees. This has been accomplished through good management practices. However, in anticipation of a new farm show complex, adequate maintenance has not been given present structures and all repairs are on an emergency basis. The state-supported shows do not charge admission and the parking facilities are also free.

RECOMMENDATIONS

16. Charge admission to the four agriculture shows sponsored by the commonwealth.

Pennsylvania is the only state which does not charge admission to its fairs and farm products shows. Attendance averages 600,000 persons annually. Charging a \$1 fee to adults, with the exception of exhibitors, would generate an annual income of \$450,000, allowing the State Farm Products Show Commission to become self-supporting.

17. Charge a fee for parking at state shows.

Assuming a charge of \$1 per car is authorized, using an average of four persons per car, estimated annual parking revenue from four state agriculture shows would total \$87,500. Most of the first year revenue would pay for installing toll collecting stations and erecting steel posts connected with chains. A one-time cost of \$87,500 is involved.

18. Change the farm show date.

It is conservatively estimated that poor weather conditions have adversely affected attendance at this show by an average of 100,000 persons annually. Assuming implementation of recommendations to charge for admission and parking, changing the date to late October or early November would generate an additional income of \$100,000 yearly.

19. Do not replace the present heating system in the Agriculture Building.

Heating requirements for this structure are supplied by the Pennsylvania Farm Show Building heating

plant. The decision to spend \$250,000 for a new heating facility is premature since it is predicated on legislative approval of a proposed farm show complex. If approved, the complex would not be completed until fiscal 1977. Therefore, plans to install electric heat in the Agriculture Building should be postponed until action is taken on the proposed construction. No savings have been claimed.

20. Abandon plans to replace the existing farm show complex.

The complex, with few exceptions, is sound although lack of maintenance attention makes it necessary to institute a rehabilitation program. This could be accomplished in part with funds to be obtained from the proposed admission and parking fees.

It is questionable whether the proposed new complex — projected at a cost of \$180-million — should be a state project. Renovating the existing structures could be accomplished at a cost of \$20 per square foot over a five-year period for a total expenditure of only \$11-million. No savings have been claimed.

State Horse Racing Commission

This commission was created in 1967 with power to regulate and supervise all thoroughbred horse race meets at which pari-mutuel betting is conducted. It is primarily concerned with licensing track personnel, testing horses for drugs or stimulants, and investigating charges of violations in regulations.

CURRENT OPERATING METHODS

Three unpaid commissioners, one who serves as chairman, are appointed by the Governor to operate the State Horse Racing Commission. They employ an executive director who supervises the Administrative Officer, Director of Racing Enforcement, and Legal Officer. During a meet, the commission employs two inspectors, a veterinarian, and a messenger at each track. The inspectors issue licenses with a photo of the licensee to horse owners, trainers, grooms, concession employees, jockeys, and other personnel permitted at the track. Fees range from \$2 to \$50 per year and the licenses must be renewed annually.

Inspectors are also required to be present when the commission's veterinarian takes saliva and urine samples from winning horses. These are sent in

sealed containers to a laboratory in Philadelphia which reports its findings to the commission. The association sponsoring the meet pays all laboratory charges.

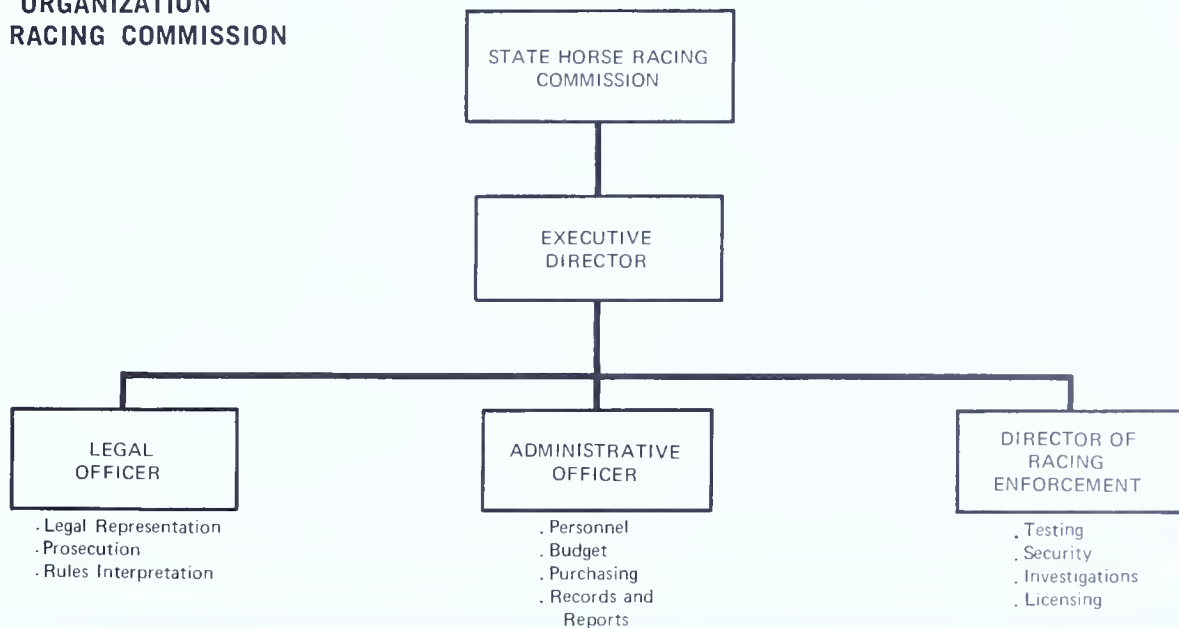
The Director of Racing Enforcement is charged with enforcing commission rules and regulations and investigating alleged violations. The Legal Officer interprets these rules and regulations and represents the commission at hearings and appeals.

The commission receives 5% of the amount wagered each day plus 50% of an amount known as "breakage." These funds are remitted to the Treasury Department for credit to the State Horse Racing Fund. After deduction of commission operating expenses, the balance is paid into the general fund. In 1970, the State Horse Racing Fund was credited with more than \$9.5-million. Operating costs for the year amounted to \$262,000. Revenues are expected to increase as new tracks are opened.

APPRAISAL OF OPERATIONS

The Executive Director appointed in March 1971 has improved operational efficiency through elimina-

**PRESENT ORGANIZATION
STATE HORSE RACING COMMISSION**



tion of two budgeted clerical positions and appointment of an experienced track inspector as Administrative Officer. Some facilities are shared with the State Harness Racing Commission and duplicate licensing activities occur at these locations.

The number of license forms used should be reduced. Security procedures in the testing of horses are inefficient and present opportunities for tampering. This leads to delays in the disposition of rules violation cases involving the condition of horses. Procedures for verification and collection of the commonwealth's portion of pari-mutuel betting funds, a responsibility of the Department of Revenue, are not efficient.

RECOMMENDATIONS

- 1. Create a State Racing Commission of seven members to regulate horse racing, harness racing, and similar activities including pari-mutuel betting.**

Each of the commissions now regulating the various racing activities operates independently. Consolidation would provide closer supervision of activities involving public wagering. While flat racing and harness racing are not similar in all respects, the problems of licensing, horse testing, and track security are common to both and should be administered by one staff. A chart depicting the present organization is shown above. The proposed organization is illustrated on the following page.

The current members of the State Horse Racing Commission and the State Harness Racing Commis-

sion should be appointed to the proposed group along with a seventh member to be appointed by the Governor. The head of the commission should be designated by the Governor. The commission should be housed in state-owned space instead of the privately-owned offices now leased by the State Horse Racing Commission. Implementation will provide annual savings of \$108,000.

- 2. Install a system of pre- and post-race testing at the track under commission supervision.**

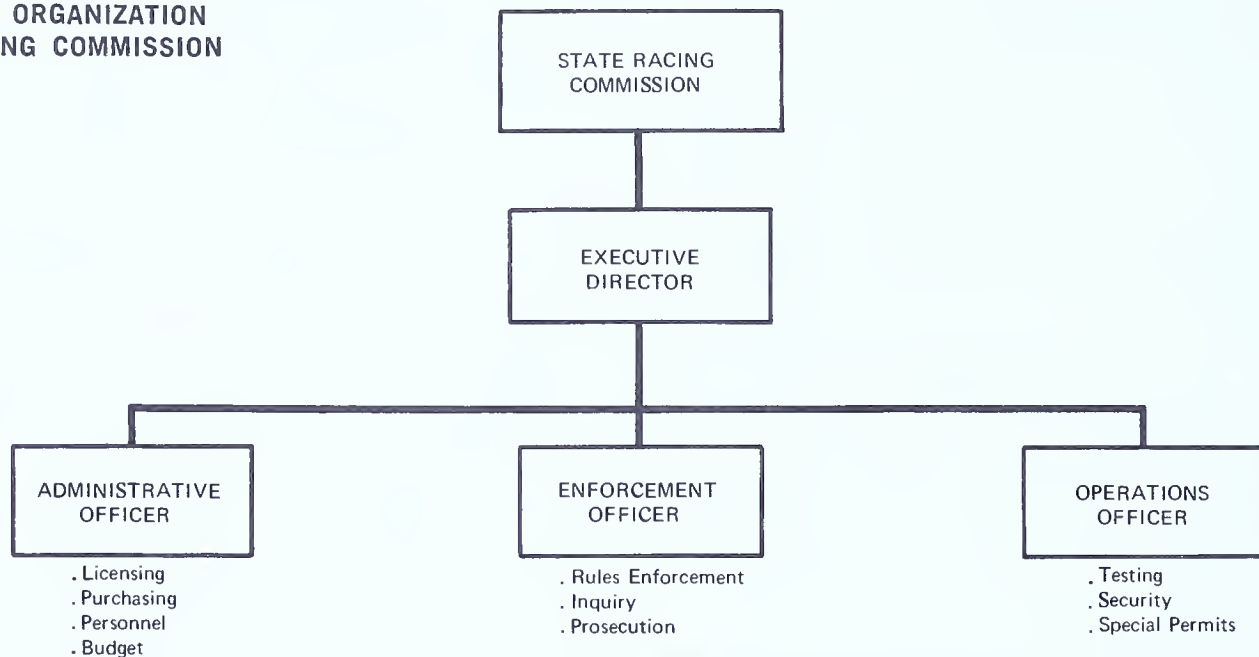
The present system of post-race testing involves the winning horse and others selected at random by the judges. Samples are transported to Philadelphia and processed the following day. This causes delay in investigation and prosecution of violations.

Ohio harness racing tracks use a system of pre-race blood tests and post-race urine tests. While admitted to be imperfect by the U. S. Trotting Association, results are still described as remarkable because of the deterrent effect of pre-race testing of all horses. Annual savings of \$8,000 would be realized.

- 3. Revise and centralize licensing activities.**

Currently, a commission employee operates an office at each track to issue licenses to qualified track personnel. Where qualifications are questionable, a temporary license may be issued. Those working at a track during a state harness racing meet must be relicensed as well as persons moving from one track to another. The procedures are further complicated by the use of 15 application forms. The following steps should be taken to eliminate licensing at tracks:

PROPOSED ORGANIZATION STATE RACING COMMISSION



-
- Reduce the application and license to a single form.
 - Issue licenses applicable to all state tracks.
 - Require advance licensing by mail, using passport-type photographs of applicants.

A single form will speed processing, reduce training time, and save printing costs. Statewide licenses will

reduce the volume to be processed. Advance licensing will provide time for investigation.

A one-time saving of \$3,000 will result from sale of two cameras and associated equipment as well as \$6,000 from not purchasing equipment for new tracks. In addition, there will be an annual saving of \$7,000 due to the increased efficiency of a centralized licensing function.

Pennsylvania Game Commission

This commission is a self-supporting agency established to protect, propagate, manage, and preserve wildlife and their habitat in the commonwealth. It also enforces hunting laws and recommends changes in existing laws.

CURRENT OPERATING METHODS

The commission is comprised of eight Pennsylvania citizens representing specific geographical areas, appointed by the Governor with the advice and consent of the Senate. They serve for nonconcurrent terms of eight years and select an Executive Director as the chief operating officer. A deputy director is in charge of all staff functions and six division supervisors are responsible for field operations. The central staff is separated into seven divisions.

The Land Management Division has charge of 1.1-million acres of commission-owned land and per-

forms limited upkeep on an additional 5.9-million acres of privately-owned land in return for hunting privileges. It develops and rotates forestry resources to provide food and cover for the commonwealth's wildlife. The Law Enforcement Division interprets game laws and renders technical assistance to field game protectors. The Research Division marks game and attempts to establish patterns of disease, migration, and other factors affecting wildlife survival. The Game Propagation Division operates six game farms which produce 130,000 birds annually.

The Mineral Division supervises commercial interests seeking to extract minerals from commission-owned land. The Information and Education Division publishes and distributes 84 wildlife publications and periodicals. The Administrative Division maintains personnel records, conducts training programs, and performs various other support functions.

Field operations are separated into six geographical divisions. Their mission is to enforce the law within the boundaries of the division and manage the land so as to preserve the wildlife population. Persons wishing to hunt must obtain a license from one of approximately 1,700 authorized agents located throughout the commonwealth. These agents apply to the commission for license forms which are pre-numbered for control purposes.

Receipts from the sale of licenses and publications, fines, sale of timber, and federal aid have more than offset annual expenditures in the years through 1969, resulting in a favorable game fund balance of more than \$8.7-million. However, in fiscal 1970 and 1971, this balance decreased by \$35,000 and \$849,000 respectively. Between 1967 and 1971, employees increased from 684 to 865 while expenditures for the same period rose from \$7.2-million to about \$12.3-million.

To date, the commission has also been provided with \$13-million of public funds from "Project 500" bonds. These funds are for the revitalization of land, dam sites, and cover programs. They are allocated by the Department of Environmental Resources for periods of two years. The commission's current allocation through fiscal 1973 is \$4.6-million.

APPRAISAL OF OPERATIONS

Service from this agency is delivered to the public by technically proficient employees in a dedicated manner. However, the present organization prevents it from operating at optimum effectiveness. The Executive Director must perform routine tasks which leave him insufficient time to plan and control overall operations. There is little attempt to compare field activities, which use more than half of the commission's resources, with any quantitative measures. In addition, justification for the number of Law Enforcement Division officers operating in the field is inadequate.

There appears to be considerable overlap among field and central staff positions with regard to work performed, skills and experience needed, and program responsibilities. A clearer delineation of duties and responsibilities is needed to increase the effectiveness of the staff people. Also, lack of effective cost accounting or budget practices precludes a meaningful measurement of resource use.

For the past two years, the commission has been operating in the red and will probably continue to do so unless steps are taken to increase revenues or cut

expenses. There is no further need for the Mineral Division since the resources have been exhausted.

RECOMMENDATIONS

1. Eliminate five coordinators in the Land Management Division and substitute two land management program coordinators.

In November 1971, a cost system was introduced to show the amounts being expended in each field division for land management purposes. It eliminated the need for the five coordinators who spend their time extracting the same information from field reports. Therefore, these employees should be replaced by two land management program coordinators. Their duties would include:

- ▶ Development of annual and long-range land management programs for all areas except forestry.
- ▶ Establishment of good relations with division chiefs to ensure that their information is fully coordinated into overall programs.
- ▶ Participation in collateral support studies which they would recommend.
- ▶ Recommendation of budget reallocations after working with the Office of the Comptroller to identify excessive cost areas.

Implementation will provide an annual saving of \$77,500. The annual cost will be \$23,800.

2. Establish performance standards for land management field work.

Considerable effort is being directed to accumulating data on units of work being performed in the field. The information collected is meaningful and could represent a foundation for a system to measure and control performance. Reasonable time values per type of work should be developed along with measures of what constitutes a reasonable day's work. Application of these values to the work reports submitted by field personnel will indicate:

- ▶ Improved performance needs to immediate supervisors.
- ▶ Diversions of resources or corrective actions required to district supervisors.
- ▶ Measures of performance to be used at the director level.

Similar systems in industry have revealed that about 20% of the work measured will be performed at a rate of 10% to 15% below average. Since the work

force numbers 300, this would equal approximately \$148,000 in labor costs which could be saved through implementation of a measurement program. The cost of operating such a system would be about \$4,000 per year.

3. Curtail land acquisition programs until their full costs and needs have been determined.

The rate of growth in resident hunting licenses — 1.4% annual average since 1948 — indicates there may be little if any need for additional land. Also, land purchases expose the commission to constantly rising and recurring maintenance costs. No savings are claimed.

4. Develop complete costs for services provided by the commission.

With the number of accountants and budget personnel employed by the commission, it should be possible to develop a system to accurately reflect the costs of internal functions and services rendered or sold to the public. This would permit a more timely determination of the fees to be charged for commission services and would also provide a gauge for measuring the usefulness of certain internal activities. As an example, the charges made for several of the commission's publications do not cover rising postal rates. Revising the fee structure to meet publication costs would generate additional annual income of approximately \$8,000.

5. Transfer the Howard Nursery and Waterfowl coordinators to their respective field supervisors, combine the Land Title and Records Section with the Engineering Section, and transfer the attorney in Land Title and Records to the Attorney General's staff.

Coordinators for the Howard Nursery and Waterfowl functions will receive better direction and improved coordination of their work by being geographically closer to their supervisors. There will also be some opportunity to reduce per diem personnel by up to 20 in the Howard Nursery through more effective allocation of employees handling food and cover activities.

The merger of Land Title and Records into Engineering will combine related activities and reduce the span of control for the division chief in Land Management. Legal services now provided by the Land Title and Records' attorney can be rendered more effectively if he is a member of the Attorney General's staff. Implementation should provide an annual saving of approximately \$22,000 from more efficient operations.

6. Eliminate the position of division forester in the six field divisions.

Regional, divisional, and field foresters participate in forestry planning, program development, and timber sales. Since the information supplied by a division forester to the regional and field staff is directly available, this level of supervision should be eliminated. Forestry planning can be further improved by assigning a field forester to the Chief Forester's staff. Implementation will provide estimated annual savings of \$56,300.

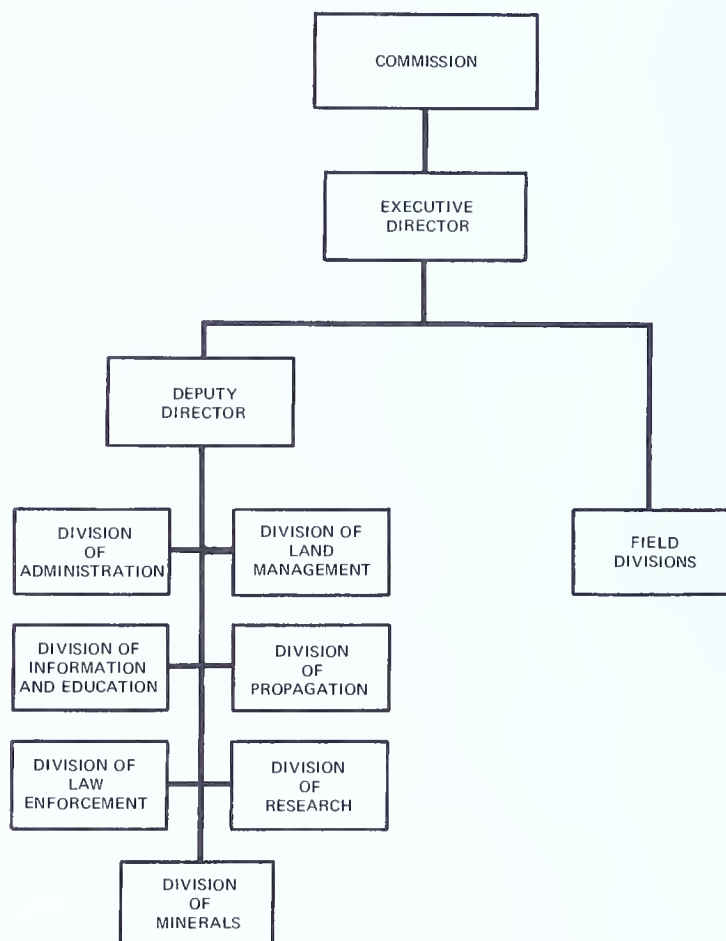
7. Abolish the Mineral Division.

The commission has decided to eliminate the director's position since there is no further need for this function. Occasional duties which might arise in the future could be handled by the Land Management Division. Implementation will provide an annual saving of \$23,900.

8. Close operations at the Southwestern Game Farm.

The number of game birds released from the state farms has maintained a consistent relationship with

**PRESENT ORGANIZATION
PENNSYLVANIA GAME COMMISSION**



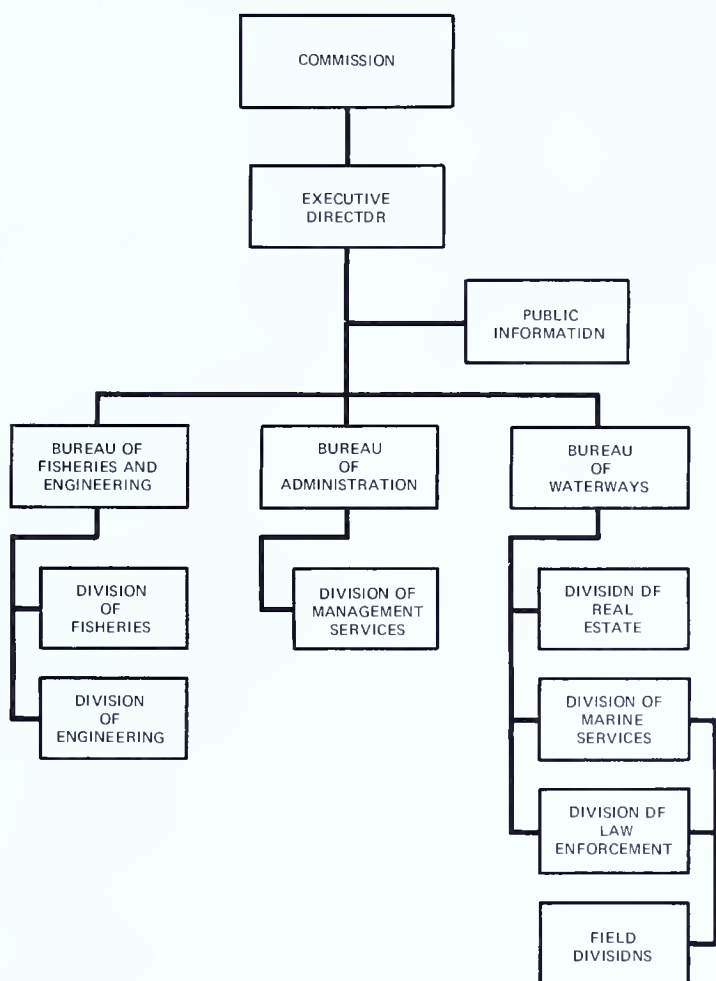
the number of licenses sold and the amount of land owned. As a result of technological advances, the Eastern Game Farm will be able to increase its production by 30% to 35%.

Since this increase is not supported by a rise in issued licenses or acquired land, the larger bird population should be offset by closing the Southwestern Game Farm. This will still mean a 10% to 15% increase in total output and implementation will provide an annual saving of \$69,000 as well as a one-time income of \$20,000 from sale of the property. Invested at 5%, this money will produce an annual income of \$1,000.

9. Combine the existing Pennsylvania Fish and Game Commissions.

The functions performed and the services rendered by these two commissions require similar skills and experience, especially in the areas of law enforcement, resource improvement, wildlife propagation, and the normal administrative tasks of training, purchasing, personnel, and the like. Combining these two agencies will provide more effective use of existing re-

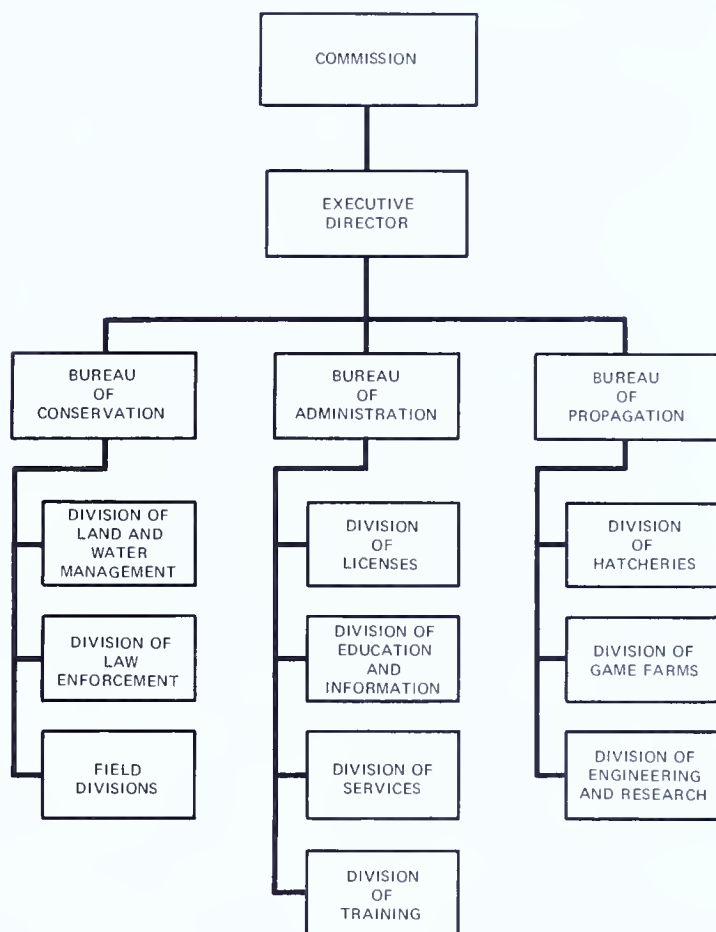
**PRESENT ORGANIZATION
PENNSYLVANIA FISH COMMISSION**



sources, strengthen the higher levels of supervision, and upgrade technical planning and services.

Organization charts for the present commissions are shown on page 80 and below, left. The proposed organization is illustrated below. These charts show the major functions now carried out as well as the

**PROPOSED ORGANIZATION
PENNSYLVANIA FISH AND GAME COMMISSION**



proposed reassignments. Implementation will require action by the General Assembly as well as authorization and creation of a new body of commissioners. Principal changes include:

- ▶ Creation of three bureaus to direct conservation, propagation, and administration activities.
- ▶ Assimilation of the four Fish Commission regional offices into the six Game Commission district offices.
- ▶ Consolidation of law enforcement activities in the field and in Harrisburg.

The estimated annual savings to be gained from reorganization are \$1.14-million.

10. Increase the adult resident hunting license fee from \$5.20 to \$6.25.

The present rate has existed since 1963 while the cost of providing this service has risen. An increase is needed to bring the relationship between total operating expenses and revenue back into balance. Expenditures in fiscal 1971 exceeded receipts by

\$849,000. The independent licensing agencies should retain \$0.05 of the proposed fee to offset increases in their operating costs. Implementation will produce \$900,000 annually in additional income. The fee structure should be reviewed every three years to assure that charges and operating costs remain in balance.

Pennsylvania Fish Commission

This commission administers and enforces rules and regulations relating to protection, propagation, and distribution of fish. It also supervises enforcement of the commonwealth's boating laws.

CURRENT OPERATING METHODS

There are nine members appointed by the Governor to serve on this commission. The work is classified into divisions which include Law Enforcement, Propagation and Distribution, Fish Research and Management, Real Estate, Engineering, Conservation Education, and Administrative Services. These divisions are incorporated into Bureaus of Administration, Waterways, and Fisheries and Engineering.

During fiscal 1971, revenues were about \$5.87-million. More than \$4.1-million of this amount came from the sale of fishing licenses while approximately \$496,000 was from the sale of boat registrations. Expenditures for this period were about \$5.7-million.

The Bureau of Fisheries and Engineering is responsible for the propagation of fish for planting in Pennsylvania waters. It constantly searches for better methods of propagation and researches fish diseases and environmental effects on fish populations. The Bureau of Administration is responsible for all administrative and support functions for the commission while the Bureau of Waterways administers and enforces rules and regulations relating to boating, fishing, and the protection of fish.

Waterway activity is paid for by the Boating Fund, which consists of monies received from boat registrations and fines as well as other miscellaneous income. In fiscal 1972, the fund will be credited with gasoline taxes paid on fuel purchased by the boating public.

APPRAISAL OF OPERATIONS

Programs are well planned, realistic schedules are established, and assignments are carried out with

successful results. However, the field operation of the Bureau of Waterways is redundant in its division of authority. Also, it is questionable whether the Real Estate Division, which plans and develops hatchery systems and maintains commission properties, should be located in this bureau.

RECOMMENDATIONS

1. Transfer the Real Estate Division from the Bureau of Waterways to the Bureau of Fisheries and Engineering.

There are four people involved in real estate activity and an additional 22 persons assigned to carry out engineering, construction, and maintenance activities. Since the Real Estate Division is an operating arm which executes purchasing or leasing agreements for sites, properties, and streams recommended by the Engineering Division of the Bureau of Fisheries and Engineering, this activity should also be part of the bureau. Implementation will result in more effective administration.

2. Consolidate law enforcement and watercraft safety activities of the Bureau of Waterways into a Marine Services and Enforcement Division.

Duplications exist in the areas of boating and fishing education and enforcement. Consolidating these activities would result in estimated annual savings of close to \$143,000 through personnel and operating cost reductions.

3. Combine the existing Pennsylvania Fish and Game Commissions.

As recommended elsewhere, these commissions should be consolidated since the functions performed and the services rendered require similar skills and experience. Savings from implementation have already been claimed in the Pennsylvania Game Commission report.

SECTION III

Education

The Governor's Review of Government Management – 1972



Department of Education

This department is responsible for administering the school laws of Pennsylvania and the regulations of the State Board of Education. It is headed by the Secretary of Education, appointed by the Governor with the advice and consent of the Senate.

CURRENT OPERATING METHODS

The Department of Education assists local school districts, administers state and federal funds, evaluates instructional programs, and provides various services to institutions of higher education. It also administers the state program for public libraries and the retirement system for public school employees.

The department has a staff of 1,023 people. In fiscal 1971, operating expenditures were almost \$15.5-million. For the same period, the department administered state funds in the amount of \$1.2-billion and federal appropriations totaling \$110-million.

APPRAISAL OF OPERATIONS

The department is staffed with educators who, while highly qualified in their respective fields, fail to pursue the economic implications of educational programs, plans, and trends. Consequently, decisions are frequently made with less than full understanding of the financial impact. This imbalance is also evident in day-to-day operations.

Many areas lack effective management techniques to determine the value of services and programs. Existing practices are often perpetuated without benefit of meaningful analysis. In the area of higher education, the limited authority of the State Board of Education renders much of the department's effort ineffectual.

RECOMMENDATIONS

- 1. Staff key positions with professional managers who can introduce and monitor successful business practices.**

Currently, the department is staffed almost entirely with educators who fail to adequately consider financial and administrative aspects of the organization's operations. Therefore, key positions in the Office of Administrative Services should be filled with professional managers. This office should implement a program to introduce accepted business practices throughout the department.

- 2. Establish measurement techniques to determine the value of significant programs and services provided by the department.**

Effective use of resources requires that results for each program be measured against anticipated objectives. At present, little is done in this area by the Department of Education. Measurement techniques should be developed and, to the greatest extent possible, program evaluation should be conducted by agencies other than those responsible for projects.

Deputy Secretary of Education

This office handles administrative and executive matters for the department. It is responsible for research and statistical activities, office equipment and services, personnel programs, the State Library System, data processing and development, internal and external communications, and planning and budgeting. Organizational units include the Office of Educational Research and Statistics; Office of Administrative Services; Executive Staff Office, Legislative Services; Executive Staff Office, Federal Programs; Bureau of Management Information Systems; Bureau of Information and Publications; and the State Library.

Although providing reliable services in certain areas, this agency is failing to meet its responsibilities in others. Administrative functions such as personnel recruiting and mailing are duplicated by other department organizations. Data processing support is inadequate and forms control is lacking. Certain bureaus are overstaffed while others have vacancies in key positions.

RECOMMENDATIONS

- 3. Modify the Office of Deputy Secretary of Education.**

This organization needs restructuring to reduce the number of offices reporting to the deputy secretary and to provide needed supervision. Proposed changes include establishing three functions under the deputy secretary.

These would be the Office of Management Services, Office of Administrative Services, and State Library. Legislative Services would report to the Special Assistant to the Secretary of Education. The Bureaus of Educational Statistics, Educational Research, Management Information Systems, and Planning and

Budgeting would be assigned to Management Services. Administrative Services would include the Bureaus of Personnel, Staff Services, School Construction, and Information and Publications. State Library would supervise the Bureaus of General Library, Library Development, and Law Library. Administration of the retirement system for public school employees would be a responsibility of the Secretary of Education.

4. Develop effective controls over the use of outside EDP services.

Over the past several years, substantial amounts have been spent on EDP consultants. Full value has not been realized from these services and future expenditures should be carefully controlled.

Office of Educational Research and Statistics

This office collects, coordinates, conducts, and disseminates research information pertaining to education to the department and educational institutions throughout the commonwealth.

The office is divided into Bureaus of Research and Educational Statistics. The Bureau of Research is comprised of five units: Higher Educational Research, Applied Research, Cooperative Research, Research Coordinating, and the Pennsylvania Retrieval of Information for Mathematics Education Systems. Fiscal 1972 appropriations totaled \$1.07-million including \$40,000 in federal funds. The staff level is authorized at 84, but there are 14 vacancies.

Personnel in this operation are technically competent in their respective disciplines. However, an analyzing, editing, and filing backlog exists in the Bureau of Educational Statistics because of staff shortages while, at the same time, employees in a unit of the Bureau of Research are not fully utilized. The statistical data and research reports prepared by this agency are widely used.

RECOMMENDATIONS

5. Eliminate a clerk stenographer in the Bureau of Educational Research.

This employee has been on loan for nearly a year to the Bureau of Vocational, Technical, and Continuing Education. Abolishing the position will provide a federal saving of \$6,200 per year.

6. Eliminate the position of educational research trainer.

This position was established for training purposes. However, people with the required qualifications can

now be recruited from various colleges. Abolishing the position will provide an annual saving of \$7,700.

7. Fill the vacant supervisory positions in the Bureau of Educational Statistics.

The work backlog caused by these vacancies has prevented the bureau from meeting its commitments. Standard recruiting methods have failed to fill the positions, so unusual approaches should be tried to relieve this critical situation.

Office of Administrative Services

This office supplies the people, equipment, materials, supplies, and space needed by the Department of Education for day-to-day operations. Its services are administered by three bureaus and for fiscal 1971, expenditures totaled just over \$902,000. The 1972 budget is authorized at about \$992,300. The largest bureau is Staff Services which has three divisions: Management Services, Purchasing, and Facilitative Services. Responsibilities include forms control and records management for the department, procurement of supplies and equipment, and review of purchases for state colleges and schools.

The Bureau of Personnel maintains records on approximately 9,000 department and school employees, develops training programs, and processes personnel transactions. The Bureau of Budget Services coordinates budget requests for the department as well as for state schools and colleges, combining them into an overall program-oriented budget.

This office needs much improvement. The Facilitative Services Division performs tasks in a costly manner while the Procurement Division's volume of purchasing activities is quite low. There is duplication and poor use of records in Personnel while both this bureau and Staff Services employ unnecessary help. The Bureau of Budget Services functions only as an arithmetical check.

RECOMMENDATIONS

8. Eliminate the Bureau of Budget Services and transfer its personnel and functions to a new Bureau of Planning and Budgeting.

At present, the bureau consists of five people and acts only as a clearinghouse for budget information. There are also four people in the Office of Career Development doing unofficial budget work. A third group of three perform similar functions within the Bureau of Management Services.

All three units should be transferred from their present organizations and used to form a new Bureau

of Planning and Budgeting. Implementation will reduce the clerical staff by two for a saving of \$12,300 per year. The new organization will include a director, his secretary, and three sections. The Budget Preparation group will require four analysts and one clerk/typist. Budget Analysis will consist of three analysts and the Reports Section of a coordinator and a clerk/typist.

9. Eliminate state college employees from the personnel history and standard position requirements file.

Records in the Bureau of Personnel on state college employees duplicate those maintained by the schools. The information is used to check personnel change authorizations submitted by the colleges before they are forwarded to the State Civil Service Commission. If an error is found, the authorization is returned to the school for correction.

The file contains approximately 12,000 cards and requires continual manual updating as the result of some 11,000 transactions yearly. By making the colleges responsible for the accuracy of these records, the bureau could eliminate their file and abolish two clerical positions for an annual saving of \$12,300.

10. Abolish three vacant clerical positions in the Bureau of Personnel.

The present staff is large enough to handle the current work load. Therefore, the three vacant clerical positions in this bureau should be abolished for an annual saving of \$18,500.

11. Eliminate calculation of retirement estimates in the Bureau of Personnel.

During 1970, almost 200 of these estimates were prepared for department and school employees. Preparation is time consuming and requires an intimate knowledge of the retirement programs. The Pennsylvania Public School Employees' Retirement and State Employees' Retirement Boards have personnel specifically trained to prepare estimates. Therefore, this function should be delegated to the appropriate board. Implementation will provide an annual saving of \$7,600.

12. Eliminate the Procurement Division.

During the past year, this division reviewed some 24,000 procurement documents prepared by state colleges and prepared less than 2,000 others for the department. Purchases from these 2,000 documents totaled approximately \$400,000.

Implementation of recent legislation granting autonomy to the state colleges would eliminate the pur-

chasing reviews done by this division for the state colleges. Direct purchasing functions should be transferred to the Department of Property and Supplies with only a requisition clerk and a storckeeper remaining in the Department of Education. This would eliminate six clerks for an annual saving of \$43,600.

13. Eliminate two vacant positions in the Facilitative Services Division and one in Management Services.

The quality of the services supplied by these divisions has not suffered although the three vacancies have existed for several months. Therefore, the positions should be eliminated for an annual saving of \$20,000.

14. Conduct a study of the Duplicating Section of the Facilitative Services Division.

The department's duplicating service produces more than 18.5-million copies of various materials each year. Numerous other installations exist which provide similar services to other departments. A study of these facilities should be made for the purpose of combining operations and reducing equipment and personnel costs. No savings are claimed.

15. Eliminate excess copy machines and institute tighter controls on those remaining.

The Department of Education now has 29 copy machines located in seven Harrisburg buildings. Based on an inventory taken by the Office of Administrative Services, 15 of these copiers could be eliminated for an annual saving of \$15,400. Tighter control of remaining equipment should reduce operating costs by 10% for a saving of \$3,200. Total annual savings would amount to \$18,600.

16. Eliminate outdated copy machines.

Copy machines now in use are of varying manufacture and vintage. Some models have been discontinued. Replacing outdated equipment with more efficient machines should reduce operating costs from \$0.037 per copy to the industry average of \$0.025, providing an annual saving of \$9,500.

17. Rent an additional composing machine for the stenographic pool in the Bureau of Staff Services.

The Bureaus of Staff Services and Information and Publications have each requested an additional composing machine. A study should be made to determine which piece of equipment would suit the needs of the department better. Use of such equipment will provide an annual saving of \$17,300. Renting only one will reduce the annual cost to \$11,500.

Executive Staff Offices

These consist of the Offices of Legislative Services, Federal Programs, and Career Development. The Office of Legislative Services represents the Department of Education in legislative matters and keeps key department people informed on developments in this area. Federal Programs processes applications for educational grants, develops and reviews plans for the administration of federal programs on the state and local level, and functions as a field representative to investigate alleged irregularities and obtain statistical information. The Office of Career Development sponsors training for the department's professional employees. Total expenditures were \$1.02-million for the three agencies.

Legislative Services is well organized and serves a needed function while the Office of Federal Programs is doing its work efficiently. Career Development does not have a sufficient work load to justify its existence.

RECOMMENDATION

18. Eliminate the Office of Career Development and transfer its functions to the Personnel Department.

There is not enough work to justify the existence of a separate office. The annual saving from implementation would be \$24,600.

State Library

The library provides its services to the state government, members of the bar, the academic community and, to some extent, the general public. It offers advisory, consultative, and training services in all phases of library operation and administers extensive programs of state and federal aid to public and school libraries.

It is directed by the State Librarian who is appointed by the Governor on the recommendation of the Advisory Council on Library Development. The library is organized into the Administrative Office and the Bureaus of General Library, Law Library, and Library Development. It employs 126 people and spent \$8.4-million during fiscal 1971, including more than \$2-million in federal funds. The budget for fiscal 1972 is \$10.8-million including almost \$2.7-million in federal funds. The change is due primarily to a \$1.6-million increase in state aid to local libraries and a \$700,000 increase in federal subsidies, mostly in the area of library operation.

The Administrative Office conducts routine business functions for all library activities. The Bureau of

General Library is a general and reference facility for state government and the public. It also provides correspondent public libraries with reference and resource services. The Bureau of Law Library serves as a legal resource center in Harrisburg and provides advisory services to county libraries. The Bureau of Library Development is involved in coordinating a statewide system of local, district, and regional libraries. It assists in developing requests for and administering funds to expand local library services. In fiscal 1971, it administered \$850,000 in federal funds and spent \$100,000 to provide library services to some 80 prisons, mental institutions, schools for exceptional children, and handicapped persons. In addition to the services and facilities provided by the State Library, there are more than 30 state governmental libraries within the capitol complex at Harrisburg which operate independently of the State Librarian.

Quarters housing the library are not inviting and public parking is inadequate. Long-range planning for service and space requirements does not exist and present space use is poor. Systematic purging of the collection is not done and the professional staff in the general library are often assigned to routine, nonprofessional activities. Material ordering, receiving, and cataloging activities in the Bureau of General Library are inefficient and productivity is low. The public information function in the Administrative Office performs a service which is available elsewhere in the Department of Education.

RECOMMENDATIONS

19. Consolidate the capitol complex libraries.

At present, there are more than 30 libraries in the capitol complex providing information services to government agencies. They vary widely in quality, quantity of books and other materials, and staffing patterns.

Because some of these facilities are duplications, a study should be conducted by the State Librarian to determine the number of libraries which can be closed. It is expected that a minimum of 10 will be eliminated to provide estimated annual savings of \$130,000 by consolidating operations and reducing personnel.

20. Initiate a clerical work measurement program in the Bureau of General Library.

The bureau employs 76 people of whom 54 are clerical personnel. Productivity is far below what can be reasonably expected from this number of people. A backlog of more than six months exists

in receiving and cataloging activities while the professional staff is required to perform numerous clerical functions.

A work measurement program will establish minimum work standards and reasonable levels of clerical efficiency. It will also determine the size of the clerical staff required and permit assignment of routine duties to the proper personnel. Excess personnel can be used initially to bring existing backlogs up to date. While savings cannot be determined at this point, implementation will provide more efficient use of personnel and an accurate forecast of future needs.

21. Eliminate the public information function in the Administrative Office.

This function consists of an information specialist and a clerk. All significant information is prepared by library personnel and forwarded to the Public Information Office in the Department of Education by the specialist. When clarification or additional information is required, the library sources are contacted directly. Since the Public Information Office has assumed the activities of the library's information specialist, this position and one clerk should be eliminated for an annual saving of \$21,600.

22. Develop a long-range plan for service and space requirements of the State Library.

This facility adds about 25,000 volumes a year while purging only 5,000. Accurate records do not exist, so there is no way of projecting when the available space will be exhausted. There are duplications between the State Library and the Harrisburg Public Library which could be eliminated by planning.

A coordinated program could improve the services of both facilities and reduce their costs. The existence of more than 30 libraries within the capitol complex, none of which are under the control of the State Library, is another forceful argument for establishing a master plan to assure an orderly growth in library services.

Bureau of Management Information Systems

This bureau provides data processing development activity for the Department of Education and operates its EDP facility. It is responsible for providing a system to furnish timely financial, statistical, and general information as well as computer services for other agencies.

There are 72 employees and operating expenses for fiscal 1971 totaled \$807,000. An Information Co-

ordination Policy Committee of eight members establishes priorities for EDP development, approves proposed applications, and resolves interbureau questions. The organization is separated into two divisions. The Information Systems Management Division defines requirements and specifications for the educational management information system and develops current and long-range plans for the bureau.

The Educational Management Information Center Division operates the EDP facility and develops functional systems to support organizations within the department. This unit has 65 employees and rents computer and punch card equipment for approximately \$270,000 per year. In the second quarter of 1971, the computer was productively used about 50% of the available time while major components of the card equipment experienced a utilization rate of 75%.

This bureau is poorly managed and lacks direction. No significant systems development has occurred in the past year and a half. The organization structure is unsatisfactory because the Educational Management Information Center Division cannot cope with its assignments while the Information Systems Management Division has relatively little assigned responsibility.

The computer equipment is not used efficiently and the bureau has no operating tape library or formal equipment scheduling function. There are no procedures for evaluating proposed EDP applications in terms of cost and equipment changes are not always fully justified.

RECOMMENDATIONS

23. Provide a full-time director with EDP experience for the bureau.

The present director was assigned temporarily while retaining another permanent position within the Department of Education. About 40% of his time is devoted to the bureau. A full-time director with a substantial EDP background is needed to resolve the organizational and technical problems which now exist. No additional cost is anticipated since a qualified employee is currently on the staff performing special assignments.

24. Convert punch card applications to a computer program.

The only significant card applications are members and investment accounting procedures performed for the Pennsylvania Public School Employees' Retirement Board. These could be converted to a computer program for a one-time cost of \$12,000.

Implementation would provide total annual savings of \$100,000 through personnel and equipment reductions.

25. Provide an economic analysis of all proposed EDP applications.

Costs and savings associated with present and proposed EDP applications have not been determined. Informed decisions by the director and the Information Coordination Policy Committee regarding such applications can only be made if estimated development and operating costs as well as potential savings are available.

26. Justify all equipment changes through economic analysis.

Certain equipment changes have been made without documented justification. Such changes usually involve additional costs both in equipment rental and software redesign and programming. Therefore, all equipment modifications should be formally justified by direct or indirect savings.

27. Schedule computer time and check performance against schedule.

Since the computer is currently underutilized, work is accomplished without a formal schedule. As the work load becomes heavier, it will be necessary to establish a schedule to ensure that user requirements are met efficiently. A schedule will also serve as an indicator of operator performance and peak demands.

28. Establish a tape library.

Tapes are stored in the computer area for use by EDP operators. This means that master tapes could be inadvertently destroyed. In addition, efficient use of this material is doubtful unless there is a formal scratch and retention schedule for tapes. A tape library could be operated with one part-time clerk at an annual cost of \$3,200.

29. Transfer systems analysts in the Department of Education to that department's Bureau of Management Information Systems.

Four systems analysts are assigned outside of the bureau. Their efforts are devoted exclusively to their reporting organization and the work which they are doing is not being integrated into an educational management information system. Communication between these analysts and the bureau is lacking. These shortcomings could be eliminated by assigning them to the bureau.

30. Reorganize the bureau.

The present work load is unequally distributed to the bureau's two divisions. The Information Systems

Management Division, although responsible for planning in the department, has minimal influence on applications design and operations. However, the Educational Management Information Center Division has so many responsibilities that it cannot meet them successfully. Therefore, the bureau should be reorganized into three divisions.

The Systems Development Division would be responsible for long-range planning, developing advanced systems concepts, and systems and application work including design of the department's management information system. The Programming Division would undertake computer programming, systems implementation support, and file maintenance. The Operations Division would operate the EDP equipment and provide administrative support.

Bureau of Information and Publications

The bureau was established to coordinate internal and external publications and to act as the department's contact with the news media. It has an authorized staff of 15 and fiscal 1971 expenditures totaled \$195,800. The bureau edits and prepares more than 200 documents for publication monthly. All releases to news media are prepared in consultation with an appropriate staff member of the Department of Education.

Although well run and performing for the overall benefit of the department, there is an area of possible duplication since other offices and bureaus have their own communications personnel. There is also an overlap with the Bureau of Staff Services in the preparation of publications copy.

RECOMMENDATIONS

31. Transfer stockroom functions to the Facilitative Services Division.

Transferring this activity to the Facilitative Services Division would eliminate the need for one position for an annual saving of \$5,300.

32. Transfer writers in various department offices to the Bureau of Information and Publications.

There are six information writers and specialists reporting to various bureau directors. If all of this type of work were done by one bureau, at least three could be eliminated for an annual saving of \$30,200.

33. Transfer the composing machine operations to the stenographic pool in the Bureau of Staff Services.

A more efficient operation would result if the copy preparation work done by the Bureau of Information

and Publications were transferred to the stenographic pool which already prepares duplication and publication quality copy. No savings are claimed.

Pennsylvania Public School Employees' Retirement Board

This board administers a retirement system for school employees under provisions of the Public School Employees' Retirement Code of 1959. It directs administration of the program, supervises investments, and publishes periodic reports on the fund and members' accounts.

The nine-member board, which meets monthly, employs two Pennsylvania banks to advise it on investment matters and to supervise the mortgage portfolio. A consultant provides actuarial services. As of June 30, 1971, the retirement fund was earning an average of 5.54% on investments which consist of federal, state, and local government bonds, corporate bonds, mortgages, and specific obligations designated by statute.

The Administration Unit performs operating functions for the board, maintaining all records necessary for operation of the retirement system. It calculates annuities, refunds, and retirement estimates and prepares vouchers for fund disbursements. Membership in the retirement system includes professional and nonprofessional personnel employed in public schools, state and community colleges as well as in other specified educational activities. The fund, which totals approximately \$2-billion, is made up of contributions from employees, employers, and the commonwealth. At present, the program services 162,000 members and 36,000 annuitants. There are more than 300 variations in the way benefits may be paid.

Despite recent improvements, the Administration Unit's operation remains cumbersome and outmoded. As a result, program participants experience undue delays in obtaining information and benefits. Closely related functions are being performed by several small groups which slows record processing and financial transactions. The files need reorganization and written procedures are lacking.

At present, contributions to the fund from the commonwealth and certain school districts are delinquent in the amount of approximately \$112-million. This has resulted in a loss of earnings of about \$6.4-million. The complexity of the plan adds to the administrative costs and makes it difficult to understand. Investment performance within statutory limi-

tations is satisfactory. However, greater latitude in investment options could lead to more attractive earnings.

RECOMMENDATIONS

34. Develop an EDP system for public school employees' retirement administration.

Although certain operations are already automated, an overall systems approach is lacking. It is estimated that a complete system could be developed for a one-time cost of \$36,100 to the commonwealth and \$36,100 to the school districts. The annual cost of operation would be \$24,400, also divided equally between the commonwealth and the school districts. The annual saving to each would be \$84,400.

35. Prepare a manual covering procedures for daily operations.

There is little written information on the Administration Unit's operational procedures. Written instructions covering the various types of processing and assigning position responsibilities will speed up the unit's service and improve its accuracy. A manual will also help in analyzing operations and assigning functions within the organizational structure.

36. Reorganize the Administration Unit.

At present, the unit is divided into eight groups with closely related functions performed in several of them. This fragmentation delays record processing and financial transactions. The current organization should be consolidated into four sections: Membership Processing, Field Services, Records/Files, and Accounting.

Accounting would post all financial transactions, prepare the monthly annuitant payroll, process members' accounts, and provide annuity and benefit computations and estimates. Membership Processing would process applications for enrollment, annuities, and benefits, receive district quarterly reports, verify information as required, follow up applications to ensure payment, and act as liaison with Data Processing. Field Services would handle correspondence and phone requests, developing information for distribution to members and employers. The Records/Files group would maintain all records and files relating to program participants. Implementation will provide better accountability for operations and ensure professional supervision in financial areas.

37. Open a separate post office box for contribution payments.

School districts make contributions twice a year while employees contribute through monthly payroll

deductions. Under the present systems of handling mail, there is no way to give the checks priority in sorting letters.

By directing all mail to the post office and using a separate box for contributions, funds for investment will be available sooner and should earn additional income of \$40,200 at a 5% return. The income will be divided equally between the state and the local school districts.

38. Process checks and deliver them to the Comptroller on the day received.

By copying all checks received, the logging procedure used can be speeded up. Prepunched cards should be prepared in the districts for their contributions. Checks and transmittals for these semiannual remittances should be processed immediately. Implementation will cut the processing time for members' monthly contributions by two days and for district remittances by three days. This will yield an additional annual income at 5% of \$84,400 to be shared equally by the commonwealth and the school districts.

39. Reorganize and purge the files.

A reorganization and purging of the board's files should be undertaken as part of an overall systems study. Purging procedures should take into consideration legal as well as operational requirements. Such a reorganization will greatly improve the efficiency of the Administration Unit.

40. Develop current, easily understandable information explaining the retirement systems, its benefits, and procedures for doing business with the Administration Unit.

At present, this unit receives about 100 calls per day, 3,500 visitors per year, and substantial correspondence dealing with benefit questions and operating procedures. The current information booklet is out of date and hard to understand. Improved literature on the retirement system and the unit's operational procedures would substantially decrease the large influx of questions and provide a needed service to participants in the system.

41. Study the benefits offered in order to simplify and improve the cost effectiveness of the retirement system.

At present, there are more than 300 variations in the ways in which benefits may be paid. Such complexity creates confusion and unnecessary administrative expense. The one-time cost of a comprehensive study to simplify the system is estimated at \$15,000.

42. Study the feasibility of merging administrative activities of the Public School and State Employees' Retirement Systems.

Each system is served by a separate administrative unit although many of their functions are identical. Savings should occur through merging the two operations, but no specific amount can be claimed at this time. Other recommendations concerning improved fund operations should be implemented prior to merger.

43. Authorize investment of up to 25% of the retirement fund in equity securities, reducing the state's contribution proportionately.

Such an investment is compatible with established practices of many private and public pension funds. Studies of the performance of equity investments versus debt investments over periods of 10 to 40 years show an advantage in equity securities of from 4% to 8%. The additional annual income to be provided to the commonwealth and local school districts — based on an estimated increase of 1% in the overall fund earnings — would be \$20-million, divided equally between them.

44. Conduct a benefit coordination study.

Currently, benefits available to public school employees under various plans and from different agencies are not coordinated. A study of the options should be made to provide maximum return at the most economical cost. No savings are claimed.

45. Require delinquent contributors to pay penalties which equal lost fund earnings.

At present, no penalty is attached to delinquent contributions. This increases the actuarial assessment to all contributors. Penalties should be established to replace earnings lost by late payments. Currently, the commonwealth owes the fund some \$98-million. The contribution should be paid as scheduled, even if interim borrowing is necessary to maintain the financial integrity and actuarial soundness of the plan. The commonwealth's annual cost is estimated at \$4.9-million and there will be a one-time cost of \$98-million.

46. Establish a task force to establish policy and develop implementation plans with regard to retirement plan objectives.

A policy should be established to set objectives and coordinate retirement and other employee benefits. It should cover:

- Level of benefits.
- Qualifications of employees to participate.

- Extent of employee participation in the cost.
- Amount of death or disability benefits.

47. Provide internal capabilities to handle actuarial/financial/statistical studies needed for effective management.

Establishment of internal capability for conducting these studies will enable policymakers to work more effectively in administering the retirement system. No savings are claimed.

48. Place management responsibility for fund investments with competent full-time professional managers.

The magnitude of the funds to be invested makes it vital to provide full-time professional management for the portfolios involved, particularly if equity investments are introduced.

Office of Basic Education

This office coordinates curriculum services to public schools, develops instructional materials and intermediate unit services, and evaluates public school programs. It also administers federal programs for basic and veterans' education and provides consultation in school administration and facility construction. In fiscal 1971, operating expenses were \$8.9-million. Federal funds administered totaled \$99.5-million and state funds amounted to about \$57.3-million.

The Commissioner for Basic Education has three assistants. Their responsibilities include programs and services, school administration, and staff services. The office services 516 school districts, 29 intermediate units, more than 4,600 public schools, and some 2.3-million pupils. Intermediate units are liaison organizations which coordinate activities between the various school districts and the Department of Education.

Although there is a deep commitment to commonwealth education, the Office of Basic Education is sometimes ineffectual in meeting its leadership responsibilities and in providing direction for the introduction of management techniques in the public school system. The role of the intermediate unit is insufficiently defined and its services have been slow to develop. Despite the existence of broad goals, definitive long-range plans are lacking in many areas and no study has been made to determine optimum sizes for school districts from a social, educational, and economic standpoint.

RECOMMENDATIONS

49. Conduct a study of school district business and management operations.

There has been no evaluation done on the way commonwealth funds are managed throughout the public school system. A study should be conducted to measure the effectiveness of school district business and management operations including the impact of the intermediate units and the Department of Education.

50. Restructure the Office of Basic Education.

This office should be modified to provide a more logical and balanced distribution of activities. Under the proposed organization, there would be an assistant commissioner responsible for each of the following: staff services, programs, and services.

The programs function would supervise the Bureaus of General and Academic Education, Curriculum Development and Evaluation, Special Education, and Vocational, Technical, and Continuing Education. The services area would include the Bureaus of Educational Quality Assessment, Private Schools and Veterans Education, Instructional Media Services, and Pupil Personnel Services.

51. Study current student/teacher and pupil/classroom ratios.

In the 1970-1971 school year, student/teacher ratios in the school districts ranged from 15.5 to 31.1 with an average of 21.7. Pupils to classrooms averaged 25.9. Both ratios are declining and, by the end of the decade, the student/teacher figure could be 18 to 1 based on current projections.

A study should be made to determine economic implications, feasible methods to raise ratios within limits which are academically and socially acceptable, and future educational funding requirements.

52. Investigate the value of services and the accuracy of information before processing grants to private schools.

Grants to certain private schools are made without adequate investigation. Budgeted funds total \$728,000 for 1972 and the need for services which will be subsidized should be adequately established before any money is disbursed.

53. Establish improved communications between the Department of Education and the school districts.

A problem exists in establishing communications channels between the districts and the department.

In general, district personnel are not adequately informed regarding organizational responsibilities within the department.

54. Establish a long-range plan for basic education and periodically evaluate the results.

At present, the Office of Basic Education is not fulfilling its responsibility to develop comprehensive long-range plans to define objectives and measure programs. Such a plan should be provided along with guidelines to measure its effectiveness. Each bureau should supply a detailed plan of its activities to be reviewed twice a year by the department's management.

55. Study the socio-economic impact of establishing a 12-month school year.

Rising costs of school construction and administration make it necessary to explore all possibilities for reducing educational expenditures. However, the broad social and educational implications of a major change in the formation of a school year demand a careful review and analysis of the benefits and potential difficulties.

56. Transfer all employees to the payroll of the bureau for which they are working.

There are 14 employees who are not supervised by bureau personnel, but who are included in its payroll. All employees should be placed on the payrolls of those bureaus for which they work to provide accurate operating costs for each unit.

Bureau of General and Academic Education

This bureau was established to develop and communicate curriculum guidelines to the school districts. It also administers federal, state, and private grants relating to such development.

The bureau is organized into the director's office and 10 divisions. They include Early Childhood Education, Fine Arts, Health, Physical and Conservation Education, Highway and Aviation, Industrial Arts, Intergroup and Civil Rights, Languages, School Libraries, Science and Mathematics, and Social Studies. Each is responsible for developing curriculum guidelines in its assigned course area and for communicating them to school administrators.

The Division of School Libraries has the added responsibility of operating three branch libraries which contain examination copies of materials in the "School Library Resources Booklists." The branches provide professional consulting services to

school districts, conduct seminars, give in-service training, and schedule staff visits to school libraries.

Educational Development Centers are duplicating work done by the bureau. The branch library program in the Division of School Libraries is of limited effectiveness since these facilities concentrate primarily on schools in their immediate vicinity. Payroll inclusion of employees not working in the bureau is inconsistent with good budgeting practices.

RECOMMENDATIONS

57. Study the branch library program to determine if the present arrangement should be terminated or replaced.

Approximately 60% of the school districts have participated in the branch library program although a minimum of 80% is considered desirable. In addition, supervising the facilities in Harrisburg and Philadelphia is difficult and not currently effective. Statistical data to determine the value of this program is not available. An evaluation of the program's total effectiveness as well as alternate approaches is needed.

58. Transfer all personnel not actually employed in the bureau to the agency in which they are working.

There are 11 people on the bureau's payroll who do not work there and who are not supervised by its director. Most of them are paid from federal funds. By transferring these employees, the bureau will be able to budget more accurately and determine its actual operating costs.

Bureau of Curriculum Development and Evaluation

This bureau ensures that public and private schools comply with curriculum regulations. It also administers federally funded educational programs for disadvantaged children as well as those dealing with educational innovations.

The divisions which form this bureau are Planning, Development, and Evaluation. The Division of Planning coordinates its activities with other bureaus, provides service and advice to the department and school districts with regard to curriculum, program, and facilities planning and makes recommendations to improve curriculum regulations. It supervises nine Educational Development Centers. The centers provide a research facility for special educational projects. The Division of Development administers a federally funded basic education program designed

to improve the education of disadvantaged and exceptional children. The Division of Evaluation evaluates public, nonprofit, and private schools for the purpose of program approval and certification of secondary schools.

Although the bureau is staffed by competent people, much of its work is not directly related to its primary function and duplicates activities performed elsewhere. The research, planning, and supervisory functions of the Division of Planning are an example of work which is unrelated to the bureau's purpose of curriculum supervision and improvement. The Division of Development collects and records statistical data for federal reports, but in an inefficient manner. Employees are included on the payroll who do not work in the bureau.

RECOMMENDATION

59. Transfer the responsibility for collecting data and preparing reports required for federally funded programs administered by the bureau to the Comptroller.

Applications for a number of federally funded programs are processed by the bureau. However, the methods used are inefficient, resulting in wasted time and money. All data collection and retrieval is done manually. Transferring these functions will provide the federal government with an annual saving of \$24,600 through staff reductions. There will be an annual cost of \$6,500 as an additional clerk will be needed by the Comptroller to prepare the reports.

Bureau of Special Education

This bureau carries out the department's responsibility to educate and train exceptional children as provided in the Public School Code. Exceptional children are those of school age who deviate from the average in physical, mental, emotional or social characteristics to such an extent that they require special educational facilities or services. Children in detention homes are also included.

State subsidies for support of special educational programs are administered by the bureau. It also offers consultation in the development and operation of instructional programs and administers federally funded educational programs for the handicapped.

There are five advisors who specialize in one or more categories of special education such as mentally retarded, physically handicapped, visually impaired, hearing impaired, socially and emotionally maladjusted, educationally retarded, and gifted or talented. In fiscal 1971, the bureau spent \$326,300 in carry-

ing out its operations and administered almost \$68.5-million in state and federal funds. Approximately 170,000 children are served by special education programs.

The bureau is understaffed and unable to provide necessary leadership to school districts and intermediate units. Special education plans are reviewed, but not in the depth required to make meaningful recommendations for improvement. Comprehensive long-range plans are not available. These deficiencies have a serious effect on the efficiency with which funds administered by the bureau are spent.

RECOMMENDATIONS

60. Fill vacant advisor positions.

Half of the authorized special education advisor positions are currently vacant. Existing staff can only provide cursory examination of district and intermediate unit plans. Preparation of long-range programs, introduction of innovative techniques, and coordination efforts to minimize costs are lacking. Filling the five vacant positions will allow many of these activities to be undertaken.

61. Prepare a long-range plan for special education in Pennsylvania.

At present, no comprehensive, long-range plan exists although the bureau is working on one. Development of a long-range plan should receive top priority and should include definition of objectives, delineation of responsibilities relating to school districts, intermediate units, and the Department of Education as well as definitive criteria for enrollment of exceptional children in private schools. A schedule should be established to assure periodic updating of the plan.

Bureau of Educational Quality Assessment

This bureau in the Office of Basic Education was formed to measure objectively the adequacy and efficiency of the educational programs offered by the public schools of the commonwealth. Findings are reported to the school administrator.

It employs 11 people and spent approximately \$227,000 in fiscal 1971. Of this, \$55,000 was federally funded. Much of the bureau's activity has been and continues to be development of tests and procedures for the evaluation of educational quality throughout the commonwealth.

Sample tests were administered to some 26,000 students during the 1970-1971 school year and the

bureau expects to administer similar tests to about 30,000 students during the current school year.

By 1975, the test development work will be completed and half of the grades in the state's public schools will have been evaluated. However, specific operating plans beyond the 1971-1972 school year have yet to be developed.

Test scoring compilation and analysis work is done by optical scanning and computer at an annual cost of \$60,000. The scanning is done commercially and the computer analysis is handled by Pennsylvania State University.

Although professionally staffed, the bureau has been slow to develop an assessment of educational quality in the public schools. The program was mandated eight years ago and it will be another four years before information on half of the public school grades will be available. Further, the necessary planning to move activities from development to state-wide scope efficiently by 1975 has yet to be started. Also, the bureau has made no effort to reduce the cost of its optical scanning and computer needs.

RECOMMENDATIONS

62. Develop detailed operating plans and cost budgets for each fiscal year through 1975.

The educational quality assessment project was established eight years ago. To date, goals have been established and test development work has been started. However, there are currently no specific plans or timetable for completing the development work. Consequently, there is no assurance that state-wide information will be available by an announced target date. In addition, a lack of specific plans substantially reduces the possibility of low-cost, efficient operation in the future. Therefore, the bureau should establish a timetable for completing its work and develop operating plans to maintain this schedule.

63. Acquire optical scanning equipment and use computer facilities in the Department of Education for test analysis work.

Test data are collected on optical scanning equipment and analyzed by computer. Scanning services are purchased commercially and the computer work is done by Pennsylvania State University. The bureau spends about \$30,000 for each service to analyze some 30,000 tests.

These costs will increase significantly as the work load increases to the 550,000 level expected in 1975. Necessary computer capacity is available in the Department of Education's Bureau of Management In-

formation Systems. This bureau should acquire the necessary scanning equipment and perform all test analysis work.

Implementation will provide annual savings of \$344,000, the estimated cost of commercially scanning 550,000 tests. The one-time cost for the new equipment and programming work will be \$90,300 and the annual cost is estimated at \$119,000.

Bureau of Instructional Media Services

This bureau was created to select, prepare, and distribute audio and visual instruction aids such as films and audio tapes as well as to provide advice on audio-visual techniques and equipment. These services are available to the Department of Education and local school districts.

The bureau director reports to the Assistant Commissioner, Programs and Services, in the Office of Basic Education. The bureau is organized into the Telecommunications, Production and Distribution, and Educational Media Divisions. The Telecommunications Division develops and utilizes electronic communication concepts. This includes introduction of related techniques into the classroom. In addition, this division advises other departments on academic and curriculum development methods related to electronic communications.

The Production and Distribution Division is divided into Art, Photo, and Materials and Equipment Sections. Educational Media is responsible for coordination between the bureau and the school districts for in-service training with regard to the use of available instructional media. The bureau performs services for the Office of Basic Education and the Office of Higher Education as well as other departments. The operating budget for fiscal 1971 was \$203,000 while grants totaled \$1-million for the period. The bureau employs 24 people.

Of the 24 people in the bureau, eight are loaned from other bureaus and are not needed in their original positions. The various sections of the Production and Distribution Division perform services unrelated to the goals of the Department of Education. The physical arrangement and location of the bureau's office, work, and storage areas are inefficient and need improvement.

RECOMMENDATIONS

64. Centralize bureau office and work space including the film and tape libraries.

The secretarial staff is physically and organizationally decentralized. Relocation of bureau space will reduce

excessive movement, allow more economical use of the secretaries' time, and increase the effectiveness of the communication and supervisory functions of the director and the division coordinators. Implementation will reduce the secretarial staff by two for an annual saving of \$11,600.

65. Eliminate all work performed by the bureau which does not contribute directly to the goals of the Department of Education.

The Art, Photo, and Materials and Equipment Sections of the bureau perform such tasks as making name plates and signs, storing, cleaning, duplicating, and distributing tapes and films as well as taking photographs and films and processing prints. Some of this work is not related to the achievement of department goals and should be eliminated. Evaluation should be made of the other bureaus for the purpose of providing all of these units with a Department Support Division to supply such needs. The proposed division would be located in the Office of Administrative Services. No savings are claimed, but increased operating efficiency should result.

66. Transfer employees working in the Bureau of Instructional Media Services on loan from other units to that bureau.

Of the 24 people working in the bureau, eight are on loan from other units. This practice prevents accurate budget planning and does not give a true cost picture of the unit's operations. Inclusion of these people in the annual budget would increase it by approximately \$92,500. However, budgets of the other bureaus would be reduced by the same amount, so no costs or savings are claimed.

67. Eliminate the position of assistant director.

The assistant director spends much time and effort performing tasks which are the responsibility of the division coordinators, particularly transmitting information between the director, coordinators, and operating sections. Implementation of a previous recommendation relocating the bureau will allow direct communication between the director and his staff. This will permit elimination of the position of assistant director for an annual saving of \$16,500.

Bureau of Vocational, Technical, and Continuing Education

The bureau develops and manages programs for vocational and technical education, manpower training, adult basic and continuing education, and civil defense. It also administers the school lunch program.

The bureau was reorganized into five divisions and an office to administer the school lunch program.

Divisions include Vocational Program Development, Vocational Education Program Operations, Public Service Institute, Continuing Education, and Administrative Services. This agency has 184 authorized positions and a fiscal 1972 budget of \$86.3-million of which \$64.2-million is federal money.

Vocational-technical education has become an increasingly important factor over the past several years due partly to the efforts of this organization. However, reporting channels in the bureau are not clearly defined and, as a result, poorly used. Operating procedures have been adopted, but not put into practice. This bureau's regional organization is not having the desired effect on local school operations.

RECOMMENDATIONS

68. Redefine the role of the Public Service Institute Board.

This board is responsible to the Secretary of Education although the institute's executive director reports at a much lower level. As a result, the board is assuming responsibilities assigned to the Director of the Bureau of Vocational, Technical, and Continuing Education. This would be corrected if the board were made an advisory committee to the bureau's director.

69. Transfer civil defense training and shelter program responsibilities to the State Council of Civil Defense.

By assigning coordination of civil defense activities to the council, the programs would receive greater emphasis and school districts would gain from expert assistance available in this agency. Implementation will produce an annual federal saving of \$21,900.

70. Move the Office of Food and Nutrition Services to the Office of Administrative Services.

Since practically all of the responsibilities of this office are now of an administrative nature, a more efficient operation would result from the proposed transfer. No savings are claimed.

71. Assign bureau personnel to handle duties now performed for it by other departmental units.

At present, the bureau funds a total of 27 professional and clerical positions in four other units at an annual cost of \$460,000. The work being done could be performed in the bureau by transferring a maximum of 20 of these employees, resulting in annual savings of \$23,700 to the commonwealth and \$158,000 to the federal government.

72. Phase out the regional offices of the Division of Program Operations and gradually eliminate the field organization.

In the past, a large staff of specialists was needed to assist school districts to develop programs of vocational education. In recent years, the districts have become more self-sufficient. As a result, the regional offices and field operations are no longer necessary. The transfer of 15 professional and support personnel to the headquarters staff would provide required services. The annual saving would amount to \$551,000.

Bureau of Administrative Service

This bureau provides legal and consulting services regarding state subsidies and grants as well as activities concerning child accounting, transportation, rehabilitation of distressed school districts, and other local administration problems.

There are four divisions within the bureau: Child Accounting, Distressed Districts, Transportation, and School Administration. The Child Accounting Division manually edits, checks, and validates the Weighted Average Daily Membership (WADM) figures for each of the 516 school districts. It also certifies employment of minors. WADM data are used in distributing the basic instruction subsidy to local districts. Programs of the Distressed Districts Division are directed toward rehabilitating financially weak or insolvent school districts. The Transportation Division manually edits, checks, and validates some 4,000 annual contracts for transportation of district pupils. The School Administration Division provides liaison with 29 intermediate units regarding distribution of state subsidy, operational, special education, and vocational-technical budgets. The bureau's budget totaled \$266,500 in fiscal 1971. It administered grants and subsidies of more than \$957-million during the same period.

The bureau is performing a variety of functions which should be reassigned to other agencies in the Department of Education. Generally, these agencies can assume the functions without additional personnel so the bureau represents department overstaffing.

The Comptroller should verify the information now handled by the Child Accounting and Transportation Divisions while distressed districts have decreased to the extent that a separate group is not necessary to administer needed activities. Guidance concerning pupil transportation is too narrow. Little consideration is given the possibility of consolidated bus purchasing and no advice is rendered with respect

to driver training, maintenance or operating procedures to school districts in the commonwealth.

RECOMMENDATIONS

73. Eliminate the Bureau of School Administrative Services and transfer functions to appropriate units within the Department of Education.

This bureau performs work that is duplicated elsewhere, no longer its responsibility or assignable to more appropriate bureaus. To correct this situation, the following steps should be taken:

- ▶ Eliminate the School Administration Division, the bureau director, and two secretaries.
- ▶ Transfer the assistant director and one clerk to the Bureau of Educational Statistics.
- ▶ Assign the Child Accounting and Transportation Divisions to the Comptroller and Distressed Districts to the Assistant Commissioner of School Administration.
- ▶ Reduce the subsidy for distressed districts from \$500,000 to \$200,000.
- ▶ Initiate a study to determine the feasibility of a centralized computer system to produce statistical information.

Implementation will eliminate duplicated functions, improve operating efficiency, and provide an annual saving of \$488,000.

74. Initiate a systems study to establish the feasibility of a computerized information bank of pupil, bus, and other school data.

The proposed accounting base with related computer applications could be used to prepare subsidy and grant estimates and to edit and validate data prior to preparation of individual school subsidy payments. Such a system would reduce processing time and improve efficiency.

75. Provide a method for consolidated school bus purchases.

During the 1969-1970 school year, 627 new buses were purchased at a cost of more than \$4.7-million. They were bought through local negotiations by individual districts. Initiating a program for consolidated purchases would decrease the cost and present an opportunity to standardize specifications. The annual saving is estimated at \$470,000.

Bureau of School Construction

The bureau provides guidance in the financing and planning of school construction projects. It reviews

plans and specifications for conformance to state regulations regarding space allocations and minimum health, safety, and educational requirements for the various projects.

Operating as part of the Office of Basic Education, the bureau consists of the Divisions of Records and Architectural Services. During fiscal 1971, total expenditures were \$301,000. The budget for 1972 is \$325,700. The Division of Records analyzes applications for construction or renovation to determine the ability of the school district to finance the project. It also develops minimum space requirements and establishes the amount of state reimbursement the district will receive. The Division of Architectural Services reviews plans and specifications for conformance to state regulations and conducts on-site inspections.

During the past five calendar years, the bureau approved school construction projects totaling more than \$1.85-billion. Approximately \$740-million qualified for state reimbursement.

The bureau is not providing the districts or the Department of Education with needed guidance regarding school construction. Although required by law to inspect projects, this work is not being done. In addition, the bureau is inflexible in its approach to building standards enforcement, ignoring advances in school construction technology. The project approval process is unduly long, complex, and costly. The bureau itself is understaffed with respect to architectural, engineering, construction, and business management personnel. Office procedures are antiquated and records are poorly stored and difficult to retrieve.

RECOMMENDATIONS

76. Use the building systems concept for school construction design.

During the five calendar years ending December 31, 1970, \$1.85-billion was approved for school construction. The state reimburses school districts for approximately 40% of the total cost. A major problem is the continuing rise in construction costs.

The component system of design is a proven means to achieve substantial savings. These are made possible in several ways including the use of low-cost, mass production operations in a controlled manufacturing environment. If the systems concept is fully utilized, a reduction of at least 15% in building costs is possible. The annual saving to the state would be \$21.3-million. Savings to local school districts would be approximately \$32-million annually.

77. Initiate fast-track planning for school construction throughout the commonwealth.

Fast-track planning means telescoping the design/construction process. It is particularly useful in an escalating market where costs are rising at a rate of 0.6% to 1% per month. Basically, such planning involves working on certain design details while construction is in progress. At an average 6% reduction in costs, implementation will provide annual savings of \$8.5-million to the commonwealth and \$12.8-million to local school districts.

78. Establish a voluntary market aggregation service for school construction.

Currently, school construction materials are supplied by local contractors. The bureau should negotiate statewide prices for commonly used systems or materials. The program would begin by bidding open-ended supply contracts for basic building components. It could then be expanded to include a variety of partitioning and structural subsystems, exterior wall components, and electrical/mechanical items.

When fully developed, capabilities should include a selection of modular building systems to serve educational construction needs. During 1970, approximately \$386-million was spent on construction. Aggregate bidding should generate annual savings of \$7.7-million to the commonwealth and \$11.6-million to local school districts.

79. Prequalify all contractors on construction projects.

To obtain maximum benefit from fast-track and systems types of construction, qualified contractors must be employed. Therefore, prospective bidders should be required to reply to a written questionnaire regarding their ability to perform on a specific project. This procedure should take place within seven days of the release of plans for bidding.

80. Study the use of computers to aid in designing building systems.

Substantial savings appear possible through the use of computers to aid in the design of environmental and other building systems. A number of such programs are already in use and a study should be made of their application to this area of construction.

81. Microfilm blueprints and specifications.

The Bureau of School Construction must examine and file blueprints and specifications on all schools built in the commonwealth. The mass of documents has made the existing filing system extremely complex and retrieval most difficult. By adopting a

microfilming system similar to that used by the State Public School Building Authority, the bureau could eliminate one clerk for annual savings of \$6,400. The estimated annual cost of the system is \$3,600.

82. Reorganize the Bureau of School Construction.

The bureau is not providing needed guidance in school construction, specifically in the area of new systems and materials. In addition, the current organization does nothing to facilitate economical purchasing and makes no on-site inspections during construction.

The proposed organization would have a director and an assistant. The Planning Department would report to the director. The Inspection, School District Assistance, and Architectural and Engineering Divisions as well as the secretarial pool would report to the assistant director. The increase in cost of staffing this bureau is estimated at \$784,000. However, significant improvement can be expected in the quality and cost effectiveness of school construction in the commonwealth.

83. Encourage joint occupancy of public school facilities.

The concept of joint occupancy includes combining schools with housing, commercial space, community facilities, and civic agencies to help bring the cost of school construction to more acceptable levels. Such programs have been put into effect in other areas and they should be studied for possible use in Pennsylvania.

84. Combine public and high school libraries, using common administrative and support services and maintaining separate professional librarian staffs.

During the five fiscal years ending in 1971, 30 public libraries were constructed at a cost of \$11.8-million. During the same period, 21 high schools were built in the same communities, all with library facilities. Therefore, current high school designs should be modified so that school and public libraries can share the same physical plant, using common administrative and support systems. Separate professional staffs would be needed to serve the needs of students and the general public. Annual savings are estimated at \$407,000 to the commonwealth and \$611,000 to local school districts.

85. Change existing state laws which adversely affect the cost of school construction.

The current code should be amended to provide for annual revision of the school building standards set by the State Board of Education. These guidelines

should include references to design economies as well as educational adequacy. Other changes should be studied which would improve the economy of future school construction.

Bureau of Private Schools and Veterans Education

This bureau renders staff and consulting services with regard to private schools and veterans education to academic, business correspondence, and trade school licensing boards as well as to the private driving school licensing committee.

The bureau is organized into the Divisions of Private Academic Schools, Private Business Schools, Correspondence and Driver Training, Private Trade Schools, and Veterans Education. With the exception of Veterans Education, each has a board which establishes standards for the licensing of private schools.

Its primary responsibility is to ensure that various institutions meet necessary criteria before they are licensed and that they continue to comply to qualify for annual renewals. Schools are also provided with consulting services regarding financial, legal, and business administration matters. There is an authorized staff of 47. During fiscal 1971, bureau expenditures were \$403,000 of which \$216,000 was federal money. The 1972 budget is set at \$490,000, including \$278,000 in federal funds.

The space allocated to this bureau is inadequate and the three vacancies in the Division of Veterans Education should be filled. There is little need for the separation between the four private school licensing divisions. In addition, the fees for licenses and renewals are totally inadequate.

RECOMMENDATIONS

86. Increase license fees for private schools and sales agents.

During fiscal 1971, revenues totaled \$66,000 or 35% of the operating costs of the four divisions involved in licensing private schools. Current income will represent an even smaller percentage of the 1972 budget unless fees are increased substantially. With the exception of trade school licenses, charges have not been revised since 1947 and do not reflect current costs.

The schedules should be revised to meet department expenses and to eliminate the difference between initial licenses and renewals. Fees for schools, other than driver training operations, should be increased

to \$200 yearly. Driver training fees should be raised to \$50 and instructors' charges to \$25. Sales agents should also pay \$25 for a license. Based on the present number of schools and sales agents, implementation will provide additional annual income of \$188,000. Schedules should be reviewed at least every two years.

87. Consolidate the private school divisions.

The skills required to license academic, business, correspondence, and trade schools are similar and the unique knowledge that may be needed can be acquired by on-the-job training. To the extent that it is possible under the current structure, licensing specialists from one division are being used in others to equalize work loads. Therefore, the four divisions should be merged. While no savings are claimed, implementation will improve department flexibility and may delay additional staffing requests.

Higher Education

Higher education in Pennsylvania consists of four-year and two-year institutions as well as a number of postgraduate academic and research schools. At present, Pennsylvania has 327,100 full-time equivalent students engaged in post high school education including 151,700 or about 45% attending private schools.

While a small percentage of the private schools are state-aided — receiving funds directly from the commonwealth — most state support of such schools is provided indirectly through student aid in the form of grants and loans administered by the Pennsylvania Higher Education Assistance Agency. Three institutions — Pennsylvania State University, Temple University, and the University of Pittsburgh — receive substantial direct funding for operating and capital needs. These state-related schools operate with a relatively low tuition set by the Legislature. A minority portion of their Boards of Trustees is appointed by the Governor and/or leaders of the Legislature.

There are 14 state-owned institutions which include a university and 13 colleges. The university is Indiana University of Pennsylvania. The colleges are Shippensburg, Cheyney, West Chester, Bloomsburg, California, Clarion, East Stroudsburg, Edinboro, Kutztown, Lock Haven, Mansfield, Millersville, and Slippery Rock State Colleges.

The community colleges are Harrisburg Area Community College, Community College of Philadelphia, Northampton County Community College, Bucks

County Community College, Butler County Community College, Community College of Allegheny County, Community College of Beaver County, Community College of Delaware County, Lehigh County Community College, Luzerne County Community College, Montgomery County Community College, Reading Area Community College, Westmoreland County Community College, and Williamsport Area Community College.

Current state subsidies create a severe hardship for private schools since the lower tuitions at state-supported institutions make it difficult for private schools to attract students. A second problem with subsidies is that they do not promote efficiency in school operations. Work measurement techniques are not employed for repetitive activities such as maintenance, clerical or custodial operations. Planning functions are totally inadequate and the State Board of Education is without sufficient authority to implement the 1971 Master Plan for Education.

RECOMMENDATIONS

88. Computerize cataloging and inventory functions performed at all state-owned and state-related libraries.

Under the present system, the same item is manually cataloged at every institution. Pennsylvania State University is installing a computerized system. For an additional one-time cost of \$350,000, it could be expanded to accommodate cataloging and inventory functions for all state-owned and state-related libraries. The annual operating cost is estimated at \$360,000. The annual saving would be about \$2.29-million.

89. Consolidate acquisitions procedures for state-related and state-owned institutions at Pennsylvania State University.

At present, the same acquisition procedures are performed at all state-owned and state-related institutions. A consolidated system administered by Pennsylvania State University would eliminate these duplicate functions and provide an estimated annual saving of \$150,000.

90. Collect a fee of \$6 for teacher certificates and certificates of preliminary education.

The revenue derived from the proposed fee would enable the Department of Education to recover its licensing expenses. The annual income would be \$317,000.

91. Establish a planning board.

The proposed board would include representatives of the public and various types of educational insti-

tutions and would report to the State Board of Education. Its purpose would be to assist in implementing the Master Plan of Higher Education by specifying the impact of the plan on each institution. It would also set goals in terms of growth and program development and would review capital expansion plans. No savings are claimed.

92. Change the present method of funding higher education activities.

In order to remedy inequities which exist under the present funding method, the following proposals are made:

- ▶ Decrease direct subsidies to state-supported schools.
- ▶ Increase funds paid directly to students based on individual requirements and the need of the commonwealth for the training undertaken.
- ▶ Provide a larger share of student aid in the form of guaranteed loans at low interest with deferred paybacks, rather than in the form of scholarships.
- ▶ Grant specific financial aid to institutions on a contract basis for providing programs and services deemed essential by the State Board of Education.

93. Present the higher education budget to the Legislature earlier.

To facilitate programming planning for fall semesters, the higher education budget should be presented to permit action by the Legislature in April.

94. Develop programs to increase private gifts to state-supported schools.

Alumni contributions to state-supported schools are extremely small compared to those made to private institutions. Efforts to build alumni associations which can finance their own operations should begin at once. Fund raising should be coordinated and staffed on a full-time basis with experienced personnel. A larger portion of the president's time should be devoted to fund solicitation.

95. Organize a committee to study means for increasing faculty instructional work loads.

Instructional personnel average less than 10 hours of class time per week. A committee should be formed to study means for achieving increased classroom productivity. It should have business, financial, educational, and legislative representation and report directly to the State Board of Education. Goals and timetables should be established for the com-

mittee by the board. The potential savings of this study at state-supported schools alone is approximately \$100-million. No saving is claimed.

96. Reduce the number of small classes.

There are too many classes with an enrollment of 12 students or less. Academic and administrative personnel interviewed estimated that 25% of these courses could be eliminated through rescheduling, cancellation, and efforts at coordination with neighboring schools. The annual saving would amount to about \$1.4-million.

97. Reduce the number of faculty status employees in supportive service positions.

Approximately 10% of the nonteaching faculty are engaged in jobs which could be performed more economically and equally well by nonfaculty personnel. Reducing the number of faculty status persons in such positions would provide an estimated annual saving of \$192,000.

98. Eliminate educational benefits provided dependents of school employees.

Tuition aid policies in effect for employees' families were adopted at a time when salaries were inadequate. They should be discontinued. Specific savings have been claimed elsewhere.

99. Stop expansion of the Allentown campus of Pennsylvania State University.

A need for this center has never been established and the cost of expansion is completely unwarranted. Several studies have already recommended against expansion. Abandoning the expansion program will provide a one-time saving of \$1.3-million already appropriated and future savings in both capital and operating costs. Annual income from investing these funds would amount to \$65,000.

100. Close the Punxsutawney branch campus of Indiana University of Pennsylvania.

A previous study recommended that this campus be closed for the following reasons:

- ▶ Students from the area can be accommodated at the DuBois campus of Pennsylvania State University.
- ▶ Programs of sufficient diversity cannot be offered due to campus size.
- ▶ County residents comprise a minor portion of the student body.
- ▶ Adults will be better served by continuing education programs offered at DuBois.

Implementation will provide a one-time saving of \$3-million and an annual saving of \$90,000.

101. Do not establish branch campuses until anticipated enrollment is large enough to provide a reasonable per-student cost.

The establishment of additional campuses should be paced to need rather than local area convenience. No new facilities should be opened until present locations reach economical enrollments. Implementation will provide an estimated annual saving of \$3.35-million.

102. Eliminate food, room, and parking subsidies for state-owned and state-related schools.

The cost of these auxiliary enterprises is now \$36-million annually. The commonwealth should cease subsidizing these activities with educational funds. The annual saving, estimated at 5% of the total cost to the schools, will be \$1.8-million.

103. Change the method of funding department research.

At present, appropriations for department research are buried in instructional expenditures. Therefore, the overall cost is not visible. These projects should be budgeted as a separate item and cost versus benefits monitored. The anticipated saving will amount to \$265,000 annually.

104. Adopt legislation which will better equalize district taxpayers' cost between branch campuses and community colleges.

Current legislation allows the establishment of a branch campus at a lower cost to the local taxpayer than if a community college were established. This inequality could lead to establishing branches even though community colleges would have better met the educational needs of the area.

105. Conduct a work analysis program to develop performance standards for custodial, clerical, maintenance, and library personnel.

Since there are no existing measurement standards, it is difficult to establish programs to improve productivity. A work analysis program to provide the necessary guidelines should be developed, implemented, and monitored by the Department of Education. It is expected that the resultant savings will exceed the cost of implementation.

106. Enforce responsibility for program costs and results at the department level.

At present, little effort is made to improve personnel productivity or to rid departments of unnecessary

expenses or equipment. By enforcing program budget accountability at the department level, cost/performance decisions will be made by the people most capable of eliminating waste.

107. Develop cooperative academic programming, tuition adjustments, and/or student aid with bordering states.

Lack of cooperative programming and some form of financial reciprocity with bordering states results in unnecessary duplications of facilities which are not economical for Pennsylvania or its neighbors.

108. Study the abuse of work study programs at the campus level.

The work study program is a student aid plan financed with federal and school funds. Salaries are fixed at \$1.60 per hour with a maximum work load of 15 hours per week. When work is interfering with study, the student is not required to report to his job.

There is a great deal of abuse in this program. Departments should have the right to remove students from the program who do not use it properly and should have permanent staffing at levels which take into account student employees.

109. Improve cash flow techniques and establish better monitoring procedures for the schools.

Present methods used by state institutions permit large sums to remain temporarily dormant in checking accounts, safes or student tuition receivables. Such money should be forwarded to the commonwealth, placed in short-term investments or collected from the students in the case of receivables. An annual income of \$85,000 could be realized through implementation.

110. Enact a bill to increase the authority of the State Board of Education.

Although the board has responsibility to coordinate long-range academic policies and programs, it does not have sufficient authority. This should be changed through legislative action.

111. Implement a system of computer standardization for all schools to control hardware configurations, programming language, and modularity.

The current mixture of equipment and applications precludes transferring software between campuses. Implementing a program of computer hardware compatibility for all state institutions will provide an annual saving of \$160,000.

112. Freeze appropriations for present and new capital projects for two years.

Because of past expansions, present facilities are in excess of enrollment needs. A two-year moratorium on all but emergency requirements to permit coordination of planning efforts in regard to capital projects will not jeopardize higher education.

113. Coordinate funding for facilities and equipment on capital projects.

A lack of coordination exists between appropriations for facility construction, equipment, and general services required for operation. This has led to situations where construction was completed, but the facility remained unusable because of a lack of equipment or utility services.

Pennsylvania Higher Education Assistance Agency

The primary objective of this agency is to render service to individuals, schools and colleges, and the state and federal governments. Its basic activity is to determine eligibility for the State Scholarship and Student Loan Guaranty Programs. These two direct financial aid projects made more than \$151-million available to 150,000 students during fiscal 1971.

The agency also administers a program of providing matching funds to eligible colleges which enables them to take maximum advantage of federal student financial aid projects. An additional \$4-million was made available to Pennsylvania residents as a result of this activity. The agency makes intensive use of a sophisticated computer system to administer these programs.

The top-level organization planning and control in this operation is excellent. However, the staff is physically divided and agency readout terminals are not available in all state-owned colleges.

RECOMMENDATIONS

114. Move the agency from its present location.

The Pennsylvania Higher Education Assistance Agency is headquartered in an apartment building with facilities on several floors. A new location should be found to allow the operation to function in a more businesslike manner.

115. Install an agency computer terminal in all state-owned and state-related colleges and universities.

While the agency's mission is to administer financial aid for students, the objective becomes handicapped

at the campus level. Students seeking information on eligibility status may wait months for an answer. The delay is caused by backlogs in school processing and could be eliminated by installing computer terminals at the various institutions. The annual cost would be \$76,500. The annual saving resulting from reductions in clerical personnel is estimated at \$115,000.

State-Owned Colleges and University

There are 13 state-owned colleges and a state-owned university located throughout Pennsylvania. They serve as institutions of higher learning in the arts and sciences, humanities, teaching, and other professions. Subject to the regulations of the State Board of Education, the Board of State Colleges and University Directors coordinates the orderly development of the schools. It serves in an advisory capacity to the Board of Trustees for each institution.

A lack of coordinated planning has led to unnecessary program duplications and an excessive emphasis on teaching programs at a time when state-wide instructional requirements are declining. Cost effectiveness, as applied to the administration of an educational institution, is not understood by college officials at any level. As a result, the per-student expenditure and other significant units of measurement show great variations.

RECOMMENDATIONS

116. Establish an Office of Chancellor with responsibility for state-owned institutions under the Board of State College and University Directors.

Strong leadership must be provided to the state institutions if they are to develop their full potential. An Office of Chancellor will strengthen and unify the voice of these organizations as plans and decisions affecting them are made by the State Board of Education and the Legislature. The annual cost of implementation is estimated at \$80,000.

117. Utilize the Bureau of Management Information Systems in the Department of Education to provide support to state-owned institutions.

These schools need industrial engineering and data processing assistance to evaluate present procedures for utilization of nonacademic personnel and equipment. It is estimated that 5% of the clerical, maintenance, and housekeeping expenditures could be eliminated with proper standards. The annual saving would be almost \$2.3-million.

118. Develop separate pay scales for instructional and administrative personnel.

To attract administrative personnel, it has been necessary to grant them faculty status. Salaries must then be related to academic achievement and instructional experience rather than appropriate business capability. Separate scales should be developed to eliminate the granting of faculty status to administrative personnel.

119. Permit each institution to issue purchase orders to designated vendors for materials on state schedule contracts.

Numerous instances of items being out of stock plus the requirement that purchase orders be processed through the Department of Property and Supplies cause long delays in deliveries. The result is an excessive inventory. A 60-day inventory would be feasible if deliveries were improved by allowing state schools to issue purchase orders directly. It is estimated that inventory value could be reduced by more than \$1.5-million. Invested at 5%, this would produce an annual income of \$75,600. Savings are claimed elsewhere.

120. Implement noncompetitive purchasing provisions of Act 13.

This act provides that certain instructional materials, educational, technical, custodial, and maintenance equipment and supplies may be purchased without competitive bidding if the value is not in excess of \$1,500 for each item. Implementing this provision would reduce the cost of purchasing transactions for an annual saving of \$70,000.

121. Forward tuition payments to the Comptroller, Department of Revenue, daily.

At present, these payments are sent intermittantly with delays as long as two months. By forwarding these monies on a daily basis, the increased availability of investment funds will produce an annual income of \$246,000.

122. Reorganize the administration of Indiana University of Pennsylvania.

Under the present structure, both budget and accounting functions are performed by the Business Affairs Department which is also responsible for purchasing and other service activities. This should be changed to establish an Administrative Vice President to handle purchasing and service activities and a Fiscal Affairs Vice President to administer financial functions. The business manager, his assistant, and the administrative assistant to the president should be eliminated. The annual saving would be \$30,000.

123. Do not fill newly authorized positions established by the fiscal 1972 budget.

More than 100 noninstructional personnel and 168 faculty members have been authorized by Indiana University's fiscal 1972 budget. Since the enrollment has not increased, these additions do not appear to be warranted. The annual saving from implementation would be more than \$2.5-million.

124. Increase the maintenance staff by 10.

The physical conditions of the buildings at Indiana University warrant an increase in the maintenance staff. Implementation will reduce the necessity to purchase contracted services. The annual cost is estimated at \$48,300.

125. Institute custodial work standards and personnel training at Indiana University similar to those used at Pennsylvania State University.

By raising the per-employee assignment to 14,000 square feet as has been done at Pennsylvania State University, 15 of the existing custodial employees at Indiana University could be eliminated. The annual saving would be \$69,800.

126. Establish an internal management audit team reporting to the president.

The proposed group would ensure that proper business practices are instituted and followed at Indiana University. They would also see that materials received and services rendered were obtained at minimum cost. The resultant saving should more than offset the cost of establishing a four-man team.

127. Increase the student meal fee by \$35 per semester at Indiana University.

In order to make this activity self-supporting, the fee should be increased by \$35 per student per semester. The annual income would be \$385,000. Costs should be reviewed every two years.

128. Purchase three trucks for the maintenance trades at Indiana University.

Painters, carpenters, and air-conditioning mechanics must use personal vehicles to transport materials to job sites. Providing trucks for these activities would save an estimated \$4,500 per year in wasted man hours. The one-time cost would be \$17,000.

129. Install a diesel generator to provide emergency power and discontinue operation of the steam-driven electric generator at Indiana University.

Substituting a diesel generator for current equipment will provide an annual saving of \$64,800. The one-time cost of implementation will be \$45,000.

130. Replace five of the library's faculty status employees with nonfaculty personnel.

The work performed by the present staff at Indiana University could be handled by nonfaculty employees at an annual salary reduction of \$35,000.

131. Eliminate certain nonprofessional positions included in the 1971-1972 budget for Shippensburg State College.

The present custodial staff includes 92 custodians and housekeepers with average cleaning assignments of 13,000 square feet per person. This will increase to 14,000 square feet as new facilities become available. Studies indicate that a satisfactory level of cleanliness can be maintained at the estimated new rate. Therefore, the four vacant positions and 38 new ones proposed for the custodial staff should be eliminated for annual savings of \$204,000.

The stockroom staff includes five full-time and one part-time clerk. Neither the current nor estimated future work load will require additional personnel. Therefore, the proposed three clerks should be eliminated for annual savings of about \$15,000.

The maintenance crew, currently at a level of 43, is sufficient to keep the college's physical plant in its present excellent condition. A comprehensive maintenance program is followed to prevent large emergency expenditures. Therefore, the additional 14 people authorized in the budget should be eliminated for an annual saving of \$96,000. Implementation will provide total annual savings of \$315,000.

132. Combine the personnel performing stores functions at Shippensburg State College into a central control group.

This consolidation will clarify responsibility for material management and permit a reduction of personnel due to improved efficiency. The annual saving is estimated at \$17,500.

133. Establish growth patterns and corresponding capital facility planning consistent with needs at Shippensburg State College.

Despite numerous reports, campus master plans, and statistical reviews, long-range planning for this college is nonexistent. The Department of Education has not provided the necessary guidance and the \$50-million capital budget projected for the next five years has no factual basis. Millions have already been invested in facilities which are not being used to capacity. Therefore, no additional expansions should be authorized without proper planning and documentation to support the proposed expenditures.

134. Eliminate Kriner Hall as a dining facility at Shippensburg.

There are two student dining facilities on campus, Reisner and Kriner Halls. Since Reisner has sufficient capacity to serve the total student body if serving hours are extended, Kriner Hall could be closed for an estimated annual saving of \$114,000.

135. Consolidate the college store facilities at Kriner Hall.

The college store now operates in two widely separated locations. One facility is used primarily for books and the other for stationery, school emblems, and the like. Both locations are operated by the Student Association. By renting 10,000 square feet in Kriner Hall to the association for a consolidated operation, the college would obtain an annual income of \$20,000 and the present sites would be available for other uses.

136. Hire three additional security guards at Shippensburg.

Overtime hours worked by the college security force averages 450 hours per month. Adding three guards will reduce the overtime and provide annual savings of \$20,700. The annual cost of implementation will be \$16,600.

137. Reduce library hours and cease using faculty status employees to perform clerical functions at Shippensburg.

The present size of the library staff is necessary because of the number of hours this facility is open to students. The Shippensburg library could adequately serve its students with a reduction of about 20 hours per week. This would result in a reduced faculty work load of 1,040 hours and a nonfaculty work load decrease of 2,080 hours.

By reorganizing the functional areas reporting to the head librarian from nine into three, two faculty status positions could be eliminated. Three additional faculty positions could be reduced to a nonprofessional level since they require clerical skills only. The total annual saving through implementation would be \$41,500.

138. Implement a property control system at Shippensburg.

Losses of fixed assets totaling at least \$12,000 occurred during fiscal 1971 because no system existed for control of this type of property. Decal identification has been used on equipment received by the college in the last year so that the items tagged total approximately 450.

An inventory should be taken in each department with all items permanently identified by number. Equipment so marked will be the responsibility of the assigned department. Implementation will require a one-time cost of \$6,000. Annual savings from implementation are estimated at \$12,000.

139. Restructure the organization of Shippensburg State College.

The following organizational changes should be made:

- ▶ Establish a position of Vice President of Finance. The current organization combines business management and budget responsibilities under the Vice President of Administration. This causes difficulties in budget adjustment and control. The estimated cost of implementation is \$21,500.
- ▶ Eliminate the practice of having academic departments report directly to the Vice President of Academic Affairs. They should report to their respective deans.
- ▶ Reassign the Dean of Summer Conferences to the Vice President of Academic Affairs.

140. Cancel plans to provide an EDP development staff in the College Computer Center at Shippensburg.

With the establishment of a statewide central staff to develop college administrative software, a local organization would only duplicate assigned activities. The annual saving will be \$59,600.

141. Reestablish communications between General State Authority (GSA) and the administration of Cheyney State College.

Since 1968, 16 construction projects have been authorized at Cheyney. Of these, two are essentially complete, one is nearing its finish, one is out for bid, and the others are in various preliminary stages. Differences of opinion between GSA and Cheyney personnel have led to stalemates on many facility designs. Therefore, representatives of the Department of Education and the Legislature should join with the GSA and the Cheyney administration to establish facility needs and move to meet them.

142. Require all service contractors to comply with their written agreements.

At present, the commonwealth is paying for custodial service which is being provided at an unacceptable level. The administration of Cheyney State College should see that written agreements with regard to services are enforced.

143. Combine the development efforts for new software at the West Chester and Cheyney State Colleges and eliminate Cheyney's computer equipment.

Cheyney rents computer equipment at a monthly cost of \$8,000 and uses it about 40 hours per week. The equipment at West Chester is used 50 hours per week and could easily handle the work load for both colleges on a two-shift basis. In addition, many administrative areas common to both colleges are already programmed at West Chester. Cheyney's adoption of these programs would put them about two years ahead of their present development schedule for software and both schools would benefit from the computer expertise which is available at Cheyney. Implementation would provide annual savings of \$125,000. The annual cost would be \$18,000.

144. Eliminate the manual stores inventory record at West Chester.

West Chester maintains both a manual and a mechanical record of stores inventories. The manual record is only used to verify the accuracy of the mechanical system. Eliminating it will provide annual savings of \$5,700.

145. Eliminate one payroll clerk at West Chester.

Reducing the payroll clerical staff by one will increase the work load from 280 checks per clerk to 336. This is a reasonable number and close to that now being handled by the clerks at Shippensburg State College. Implementation will produce an annual saving of \$5,700.

146. Implement a property control system at West Chester State College.

Some losses of fixed assets have occurred because no system exists for control of this type of property. A limited number of items are tagged when received, but most are not. Therefore, an inventory should be taken in each department with all items permanently identified by number. Equipment so identified will be the responsibility of the assigned department. Implementation will require a one-time cost of \$9,000. Using Shippensburg as a guide, annual savings are estimated at \$18,000.

147. Consolidate the management at West Chester.

Under the existing structure, budget and accounting functions are performed by the Business Affairs Department. It also handles personnel, purchasing, and miscellaneous service activities. The personnel and purchasing activities should be assigned to the Dean of Administration and the miscellaneous serv-

ices to the Director of Facilities. To reduce the number of units under the Dean of Administration, the alumni, cultural, and public relations areas should be consolidated and the vending and food services areas combined. Implementation will provide an annual saving of \$9,000.

148. Replace five of the library's faculty staff with nonfaculty personnel.

Because of the difficulty in obtaining approval to hire nonfaculty employees in the library at West Chester, faculty personnel are hired to perform routine activities which could be handled more economically by nonprofessionals. Replacing five of the current faculty staff with nonfaculty employees will provide an annual saving of \$15,000.

149. Review cash flow of locally banked funds and invest portions of the balances.

At West Chester, funds are received from several sources and banked in checking accounts which have average balances of more than \$50,000. A thorough review of these funds and a planned investment program could provide the college with an estimated additional income of at least \$2,500 per year.

Pennsylvania State University

A four-year institution, the university grants undergraduate and graduate degrees in most of the arts and sciences with emphasis on agricultural subjects. The main campus is at University Park and there are 18 associated campuses. The Hershey Medical Center is also administered by the university.

The school owns 15,326 acres at various sites and facilities. The student body has grown to a full-time equivalent of 43,850 and the faculty numbers approximately 4,200 including the equivalent of 1,000 engaged in research. There are 241 principal buildings on the University Park campus and 86 on the 18 "commonwealth campuses."

The capital budget is arrived at jointly by main and commonwealth campus representatives. Some funds are collected from communities for building purposes and these remain at the local campus level. There are seven student dining halls at University Park which serve 13,000 students for three meals a day, seven days a week. Each operates independently in regard to purchases and calculation of costs. The university also runs an airport and owns 10 aircraft. The general storeroom occupies about 25,000 square feet and stocks 1,065 different items.

The Hershey Medical Center is located on a 216-acre site with the total value of its land, buildings,

and equipment exceeding \$67-million. Facilities are designed to accommodate four classes of 64 students in a four-year program for a Medical Doctor degree. Graduate programs are also offered. Operating funds are obtained from the university, the endowment from the original Hershey award, federal programs, auxiliary earnings, student tuition and fees, private health agencies, foundations, and individuals. Although the first class graduated in 1971, facilities are not yet in full operation.

The recent realignment of responsibilities at upper levels should provide an improved framework for decision making. At present, there are three executives at the senior vice president level reporting to the president. While the incumbents are competent, the substructure needs further organization. Responsibilities of vice presidents and assistant vice presidents are too broad and conflict in some areas.

Management of the EDP function is weak in the areas of organization, project control, and lease-back arrangements. There is a lack of needed audit procedures and the practice of charging departments for postal costs is of questionable value. The motor vehicle fleet is oversized and improperly controlled in regard to maintenance, replacement, and assignment. Chartering practices at the airport need improvement, charges to commercial users are inadequate, and there are too many aircraft on hand. Storeroom facilities are scattered and the dining room operation is inefficient.

RECOMMENDATIONS

150. Reorganize the office of the Vice President for Business.

There are duplicate functions within this operation which could be eliminated by a better distribution of work assignments. Changes to be made include elimination of the Assistant Vice President for Business, the Director of General Services, and one buyer. In addition, the accountant now reporting to the director and the bookstore coordinator should be transferred to other departments. Implementation will save \$58,400 annually.

151. Regroup personnel administration functions.

There are too many managers of personnel functions reporting to the Assistant Vice President for Personnel Administration. The result is an inefficient, fragmented organization. The number of divisions and managers should be reduced to five: Employee Relations and Benefits; Employment; Salary Administration and Classifications; Employee Development, Personnel Records, and Procedures; and

Administration, Safety, and Regional Offices. Implementation will provide an annual saving of \$64,000.

152. Revise the approach to EDP management.

Improvements are needed in the areas of organization, project control, and lease-back arrangements. At present, computer systems personnel working on administrative applications are located in three separate organizations. The six people on the Comptroller's staff and the two in the Department of Management Engineering should be transferred to the University Management Information System's group. This will place design, programming, and procedural personnel in a single organization with uniform goals and objectives.

Although 140 projects are under development, there are no evaluation techniques, priorities, manpower requirements, or completion dates available. A procedure to control and direct the total design and programming activities on both the main and commonwealth campuses must be established.

The computer now used rents for \$65,000 per month including a 10% educational discount. A further saving of 10% is possible through use of third-party leasing. This is an equity arrangement with a lending institution — usually a commercial bank — which provides a lower monthly expenditure than renting from a manufacturer. The potential annual saving is \$78,000.

153. Establish a management audit team reporting to a senior vice president to investigate procedures, systems, and effectiveness of all areas of university operations.

The only audits now performed are financial. A management audit team would be used to correct or eliminate practices, systems, and functions which are not effective or inconsistent with good business practices. Although no savings are claimed, they should cover costs.

154. Discontinue the practice of charging departments for postage.

At present, mail is collected from offices with a charge card attached. By the time these cards are processed through the mailroom and Data Processing, the cost of distributing mail charges properly is 3% of the total postal cost. Eliminating this charge-back practice would save \$12,600 per year.

155. Reduce the number of passenger vehicles in the fleet operation.

There are 286 passenger vehicles in this operation and 126 are assigned to the main campus for use

on an as-needed basis. During fiscal 1971, at least 30 were idle at all times. Therefore, a minimum of 30 could be eliminated without affecting service. Implementation would provide a one-time saving of \$54,000. Invested at 5%, the annual income would be \$2,700. The annual saving in replacement purchases is estimated at \$39,000.

156. Establish a central control for all university vehicles.

Placing these vehicles under a single control which would establish replacement schedules, develop maintenance records, and assign vehicles should result in an annual saving of \$22,000 through more efficient use.

157. Dispose of used cars through public auctions or small quantity trade-ins to dealers.

Cars are traded every two years, usually in lots of 15 to 25 to a single dealer. The trade-in value ranges from \$1,275 to \$1,300 per vehicle which is low judging from the age and condition of the cars. This is caused by flooding the dealers with used cars. The local market cannot absorb such large lots. Trading in smaller quantities or holding public auctions should increase the annual income by \$35,800.

158. Purchase intermediate size cars for fleet use.

The cars now used are purchased at an average cost of \$2,600 per vehicle and replaced every two years. Substituting intermediate size cars would provide the same transportation at an estimated cost of \$2,200 per vehicle. The annual saving would be \$51,200.

159. Sell two executive aircraft and substitute use of the charter service at University Park Airport.

The cost of operating these planes during fiscal 1971 was \$125,000. The same service could have been obtained through the charter service at an annual cost of \$57,800. Disposing of the aircraft will provide a one-time income of \$25,000. Invested at 5%, this will produce an annual income of more than \$1,200. Annual savings will be \$125,000.

160. Discontinue the student flight training program and sell six aircraft.

Flight training was established as a service for the ROTC programs. However, student interest has declined to such an extent that the program lost \$68,400 during fiscal 1971. Selling the six aircraft involved will produce a one-time income of \$25,000. Invested at 5%, this will produce an annual income of more than \$1,200. The annual saving will be \$68,400.

161. Reevaluate airport charges for services and rentals to commercial carriers.

Rental rates for hanger and office space at the University Park Airport should be reviewed to ensure that fees charged are sufficient to at least cover costs. No savings are claimed.

162. Combine the General Stores operation with salvage, surplus, and portions of the maintenance and operations storeroom.

General Stores operates a storeroom of about 25,000 square feet which stocks a total of 1,065 items. Because of the limited inventory, the staff could easily assimilate the salvage and surplus operation as well as that part of the maintenance and operations inventory which is continuously reordered. Staff reductions will provide an annual saving of \$38,500.

163. Improve dining service operations.

Problem areas include the ineffective dining room pass system, redundant food ordering and costing procedures, and inefficient off-peak utilization of facilities. The present dining room pass system calls for separate dining and personal identification cards. Modification of the ID card to contain dining hall authorization would streamline the procedure and reduce the number of unauthorized meals served.

Currently, the halls serve 21 meal periods weekly, using the same menus. However, each is responsible for ordering, pricing, and inventory control. Centralizing this function under the Director of Food Services and mechanizing the clerical and computational operations will reduce the clerical staff in each hall by one and lighten the supervisory load by 15% to 20%. In addition, since the halls all have the same peak and off hours, a study should be made to determine what use could be made of these facilities during slack times. Implementation will provide a total annual saving of \$111,000 at a one-time cost of \$10,000.

164. Evaluate the skills and performance of the personnel at the Hershey Medical Center.

Such studies are necessary to ensure that key personnel are competent and performing satisfactorily. Evaluations could be performed with existing staff at University Park.

165. Reduce the housekeeping positions in the Environmental Health Group at the Hershey Medical Center.

The staff handles custodial work which averages 8,200 square feet per person. Studies indicate that

satisfactory cleaning levels can be maintained with a ratio of 14,000 square feet per person. Eliminating the manager, a secretary, and 21 housekeepers will provide an annual saving of \$138,000.

166. Reduce kitchen personnel at the Hershey Medical Center.

The present staff can be reduced to 20 without affecting service levels. The reduction of nine employees will decrease the average preparation cost by \$0.38 per meal. Annual savings will amount to \$57,200.

167. Reduce the number of patrolmen at the Hershey Medical Center.

Considering the current work load, this force could be reduced from 13 to eight men and provide adequate service. The annual saving would be \$36,200.

168. Install a two-man carousel dishwasher in the food service area at the Hershey Medical Center.

Present dishwashing equipment has a capacity for washing 9,300 pieces an hour and requires 11 people to operate correctly. When the center is fully operational, the estimated dish load will only be 2,000 pieces an hour. Since this machine will not be fully utilized, the possibility of trading it in for a two-man carousel dishwasher should be explored. Implementation would save \$32,300 annually.

169. Study the telecommunication equipment at the Hershey Medical Center to minimize unauthorized calls, reduce monthly equipment charges, and eliminate luxury features.

A large system has been installed and is being expanded. It is expected that an in-depth study will prove at least 560 existing instruments can be eliminated. A reduction of unauthorized calls plus elimination of luxury equipment will provide an additional 10% saving. The one-time cost of the review is estimated at \$2,500. The annual saving should be at least \$21,000.

170. Request the power company to file a new rate for the Hershey Medical Center with the Public Utility Commission.

The Hershey Medical Center should request its power company to offer a more reasonable high voltage rate schedule. The anticipated annual saving would be \$100,000.

171. Revise the financial management system at the Hershey Medical Center.

The financial management activities are not functioning effectively. The system should be revised to

provide timely, accurate information for decision making, billing and collecting patient accounts, and profit and loss statements for each cost area at the center. As of November 1971, accounts receivable were excessive and the time required to bill patients was far in excess of sound practices. Improved practices will result in additional annual income of \$60,000.

172. Reappraise the objectives of the Hershey Medical Center to improve utilization, increase revenues, and reduce costs.

The financial management of the center is almost nonexistent and accurate cost information for decision making is completely lacking. A reappraisal of the objectives and procedures of the center should make it possible to reduce operating and personnel expenditures by \$614,000 per year. Areas for improvement include:

- ▶ Explore the possibility of using the ambulatory care unit as a conventional hospital room.
- ▶ Use the emergency alert system to bring personnel to the emergency area during a crisis and reduce the number of employees assigned there.
- ▶ Adjust outpatient clinic hours to distribute the work load more evenly among the nurses and clerical personnel.
- ▶ Operate only one restaurant in the center and adjust prices to the level of equivalent commercial establishments.
- ▶ Evaluate the need for special services such as the print shop, medical illustrations, and the like.

173. Establish a merit increase program to compensate professional employees at the Hershey Medical Center.

At present, annual salary increases are given regardless of performance. This practice should be eliminated and a merit increase program substituted. It is expected that approximately 10% of the non-union work force will not improve their performance sufficiently to merit an annual raise so that the saving should be \$67,200 per year.

University of Pittsburgh

The university is a private, state-related coeducational institution offering undergraduate and graduate programs. There are four regional campuses in addition to the main campus of 48 buildings. The

total number of students is currently 26,620 while the faculty has 1,921 members. Support personnel number 3,491. The fiscal 1972 budget is \$133.4-million of which some \$40.5-million represent state appropriations.

Improvements are needed in the areas of short- and long-range planning. The university suffers from a lack of direction regarding its specific mission and growth requirements as compared to total state needs and the growth of other institutions. Space utilization is poor and good business practices are not followed in monitoring funds allocated to the Department of Health Professions.

A reduction in administrative staff and improved efficiency could be achieved through relocating and reorganizing certain operations. Parking fees do not cover costs and no central identification system exists for capital assets. The staff tuition policy is excessively liberal and adequate controls have not been established for procurement of supplies and disposal of university assets. Fund raising expenses are high and library facilities are too dispersed.

RECOMMENDATIONS

174. Eliminate the scholarships provided to staff members' families.

The present policy is to provide scholarship money to staff members to cover tuition costs of spouses and dependent children while attending the university or any other accredited school. Based on current data, elimination of this overly liberal policy will provide annual savings of at least \$826,000.

175. Collect fees and tuition before students are allowed to attend classes.

Students are invoiced for fees and tuition after the start of the term. This makes it difficult to collect from those who drop out early in the semester. An examination showed student receivables of more than \$2-million for 60 days. Prepayment will provide an estimated annual saving of \$140,000 in previously uncollectable fees and tuition.

176. Revise the method of classroom scheduling.

The university has 294 general classrooms. Of these, 116 are scheduled by the registrar, 32 by the Engineering School, and 61 by the School of Medicine. The remainder are used by various colleges and departments. In addition, the university is constructing new classrooms and renting 22 others.

A list of available rooms and their capacities should be compiled and the registrar assigned the respon-

sibility of scheduling classes. The result should be improved space utilization and a saving in operating and capital expenses. No specific amount is claimed.

177. Establish a business/finance manager in the School of Medicine.

At present, state money appropriated for the education of physicians can flow through the School of Medicine into the Health Clinic where it is used to provide a service to one of the hospitals or in research projects. A business/finance manager would ensure that the money was used for educational purposes only. The yearly cost is estimated at \$25,000 and the annual saving is expected to be \$360,000.

178. Study the feasibility of consolidating some of the university's libraries.

There are 26 separate facilities within a quarter mile of the main university library. Many are in the same or adjoining buildings. A study to consolidate these operations should provide substantial savings although no specific amount is claimed.

179. Establish an alumni association to fund the costs of alumni services and appeals.

Currently, 18 clerks and 12 supervisory personnel staff the Alumni Affairs Department. Establishing an alumni association to provide private financing for services and appeals in this area would reduce staff requirements by seven supervisors and 10 clerks. The annual saving would be \$195,000.

180. Implement a central identification and record-keeping system for university-owned property.

No coordinated system exists for marking, listing, and assigning university property. Losses are known to exceed \$150,000 annually. Establishing an identification system would require a one-time expenditure of \$25,000 and an annual cost of \$10,000. The annual saving is estimated at \$150,000.

181. Reorganize the Facilities Maintenance Department.

The existing organization was established when the custodial force exceeded 400 persons. Through various improvements, it now numbers 263. Reassigning certain areas of responsibility would make it possible to eliminate two administrative positions.

Currently, there is a superintendent and two assistants handling sanitation for the upper and lower campus. This should be handled by two superintendents, one for the upper and one for the lower campus. Each would have two area supervisors. In addition, the administrative specialist handling

contract services should be eliminated and the superintendent responsible for grounds work given contract services as an additional assignment. He would continue to have a foreman to administer the groundskeeping force. The estimated annual saving would be \$27,800.

182. Move the Architectural Engineering Department to Benedum Hall.

Implementation will provide better coordination between this department, Project Services, and the area coordinators. This will minimize duplications in selecting and purchasing materials as well as in scheduling and developing various projects. It will also allow discontinuance of the program to microfilm all drawings. The one-time saving will be \$4,000. The annual saving will be \$9,000 through elimination of one clerical position.

183. Replace motor pool cars every four years or 60,000 miles.

The present practice is to dispose of motor pool cars after 15,000 miles. This costs the university \$1,000 per car. By adopting the state policy of retaining cars for four years or 60,000 miles, an annual saving of \$12,200 would be realized.

184. Increase student and faculty parking fees.

The income derived from university parking facilities is not adequate to cover operating costs. Fees are lower than commercial lots and should be increased to provide additional annual income of \$100,000.

Community Colleges

The basic objective of the community college system is to provide an educational program of two years' duration in either terminal or transfer-oriented college curriculums.

Community colleges have an open admissions policy and will accept all high school graduates or equivalents. Remedial and preparatory courses are offered to those who do not have the prerequisites for their course preferences. At present, there are 14 of these institutions serving more than 31,000 students.

Administration is the responsibility of a Board of Trustees elected by the governing board or local sponsor. Financing is shared by the students through tuition and fees, the local sponsor, and the commonwealth. Certain federal monies are deducted from the state appropriations, causing problems at the college level. The law which governs state contributions to capital expenditures has led to extra costs to the schools at times since it negates leasing ar-

rangements. No effective method of coordinating various school programs currently exists.

RECOMMENDATIONS

185. Establish an office for community college activities within the Department of Education.

As community colleges expand, there will be a growing need for improved interschool communications. There is also a demand for active liaison between the schools, the State Board of Education, and the Legislature. Creation of a strong central agency to represent community colleges is necessary. The annual cost is estimated at \$80,000.

186. Revise those sections of the School Laws of Pennsylvania pertaining to use of federal funds to replace state monies in community colleges.

Federal funds granted for specific programs should supplement, not replace state appropriations for community colleges. The current statutes create serious planning problems and place a financial hardship on the schools.

187. Require lease/purchase analyses of capital equipment expenditures.

Implementation of pending legislation will allow community colleges to purchase, lease or rent capital equipment used for instructional or administrative purposes. The schools are currently restricted as to the amount of leasing which can be done. This restriction should be lifted.

188. Adopt a performance evaluation system for noninstructional faculty and nonfaculty staff personnel.

The present system of merit salary increases is administered without effective measurement standards. Failure to use performance evaluations has negated the purpose of the program. Specific guidelines should be developed and used.

189. Restructure the administrative organization.

Improvements are needed in the functional alignment of the administrative organization in the community colleges. A proposed restructuring would

establish a Financial Services unit in addition to those administered by the Deans of Instruction, Students, and Administration.

The Dean of Administration would retain responsibility for personnel, purchasing, buildings and grounds, bookstore, food service, security, and computer center activities. Financial Services would include budget, accounting, and payroll functions.

190. Use personnel from the Harrisburg Area Community College to assist new facilities in organization activities.

This college can serve as a model for new schools and some of its personnel can provide guidance for facilities which are in need of organizational advice.

191. Purchase a forklift truck.

A budget appropriation of \$16,000 has been authorized to purchase a tractor and provide a monorail system at the Harrisburg Area Community College. A forklift will fill the proposed equipment need at a one-time cost of \$10,000.

192. Increase the amount of short-term investment funds at Bucks County Community College.

By increasing the amount of school funds invested in certificates of deposit at certain times to at least \$750,000, an additional annual income of \$13,000 could be realized by the college.

193. Automate student fees and tuition accounting as well as accounts payable information at Bucks County Community College.

These procedures are now done manually. Automating them would cost \$18,000 per year. The annual saving would be \$28,600 by eliminating three bookkeepers and a clerk/typist.

194. Reduce the authorized addition to the custodial staff to three positions at Bucks County Community College.

By increasing the custodial assignment to 14,000 square feet per employee, it would only be necessary to hire three additional workers at the college. The annual saving would be \$74,500.

Pennsylvania Historical and Museum Commission

This commission consolidates the functions of the previous Pennsylvania Historical Commission, State Museum, and State Archives into a single agency.

It maintains and operates historical sites, buildings, and landmarks as well as the State Museum and other specialized museums. The commission also

performs historical and archeological research and cooperates with county and local governments in the preservation and storage of their records.

CURRENT OPERATING METHODS

The commission consists of 14 members, nine of whom are appointed by the Governor who also designates the chairman. It, in turn, selects an Executive Director to head an organization of three bureaus and one division. During fiscal 1971, this group administered appropriations, special funds, grants, and subsidies which totaled more than \$6.6-million. The budget for fiscal 1972 is \$7.8-million, an increase due primarily to anticipated additional revenue from the recently created federal Land and Water Development Fund. Federal grants in fiscal 1971 totaled \$25,000.

The commission provides microfilming and photostatic services of state documents and records for state agencies as requested. It also collects rents from resident personnel at various historic sites and properties. Income from these sources last year was \$6,000.

The Bureau of Historic Sites and Properties develops, restores, maintains, and operates 43 sites which were visited by more than 4.3-million people in 1970. Funds to be administered by this bureau during fiscal 1972 total more than \$5-million. The Bureau of Museums operates the William Penn Memorial Museum and 12 other facilities throughout the commonwealth. It also supervises a mobile museum. These facilities were visited by 840,000 people in 1970. In addition, the bureau carries out archeological research. It spent \$1.8-million in fiscal 1971.

The Bureau of Archives and History performs historical research, collects and preserves state and public records of historical value, provides centralized processing and storage of semiactive agency records, and recommends procedures for storage and processing of records to county and local governments. It also edits *The Pennsylvania Archives*. Expenditures for 1971 were \$354,000. Services for the bureaus are provided by the Division of Administrative Services. Its budget for fiscal 1972 is \$425,000.

APPRAISAL OF OPERATIONS

Commission personnel are dedicated and performing their technical duties well. Security at some field installations and the William Penn Memorial Museum, however, is inadequate due to an inability to hire experienced personnel. Custodial functions are

overstaffed and professional staff people perform routine tasks indicating an inefficient use of available manpower.

RECOMMENDATIONS

1. Reduce the custodial staff of the William Penn Memorial Museum.

The museum and archives occupy approximately 210,000 square feet requiring custodial care. With the present staff of 29, this is an average of 7,250 square feet per employee. Industrially developed work standards indicate that 12,500 square feet per employee is a more realistic figure and would allow the current level of cleanliness to be maintained. Therefore, at least 12 custodial employees could be eliminated for an annual saving of \$68,000.

However, it must be recognized that the development of proper manning programs cannot be performed without personnel experienced in the use of custodial maintenance standards. Special training is recommended, therefore, to ensure proper implementation.

2. Install a monitored television security system in certain exhibit areas of the William Penn Memorial Museum.

Museum security in certain areas is inadequate as demonstrated by recent losses. However, the museum has been unable to hire qualified, experienced personnel. Currently, there is a need for four more guards, but the addition has not been approved or included in the current budget.

Using a monitored, closed circuit television system would provide the necessary security at a lower cost. Total salary for four guards would be \$27,400. Installing four cameras and a monitoring station would cost approximately \$6,500 with annual operating costs of \$7,200. No savings are claimed since the additional security force has not been authorized or budgeted.

3. Transfer the functions of the Construction Inspection Unit to the Department of Property and Supplies.

The responsibility for inspecting new construction and restoration work at various historical sites and properties is now carried out by various commission employees on a rather haphazard basis. To correct this situation, the commission has authorized the addition of four inspectors and one clerk to perform this function. A more efficient and economical solution would be to transfer the function to the Department of Property and Supplies where it can be handled by the existing inspection staff. Total annual

federal savings will be \$49,200. There will be an annual travel cost to the department of \$8,000.

4. Eliminate 11 tour guides and create five museum aide positions for the William Penn Memorial Museum.

At present, the 11 guides are assigned to various floors. They are not experts on the exhibits and cannot conduct educational tours so that their work loads are exceedingly light. To accommodate the numerous requests for educational tours, the museum should eliminate the guides and establish a museum aide program. An aide would be assigned to each of the five technical fields which make up the exhibits.

Each would be an expert in a particular area and, when not conducting tours, could be used for administrative functions, research or preparation of new exhibit material. Implementation will result in an annual saving of \$66,700 and an annual cost of approximately \$55,100.

5. Revise cash flow procedures of the Historical Preservation Fund and invest excess amounts to produce additional income.

This is a revolving fund used to defray the cost of operations. Income is derived from admissions charged at various museums and historical sites as well as from the sale of historical books and pamphlets. Expenditures cover preparation and dis-

tribution of the printed material and the costs incurred by the traveling museum.

During fiscal 1971, the fund grew from \$139,900 to \$283,500. With transfer of the activities at Valley Forge and Washington Crossing Parks to the commission, it will increase at an estimated rate of \$10,000 per month. Maximum monthly expenditures during 1971 were less than \$30,000. Therefore, an operating balance of about \$75,000 should be established and money in excess of this amount invested to produce additional income. Based on last year's cash flow, investment of the excess would have produced about \$5,700 at 5%. Projecting a similar rate of growth for the fund during fiscal 1972, implementation would produce additional income of \$15,200 annually, assuming the continued level of income.

6. Return the property named "The Highlands" to the estate of the former owner.

This property was willed to the commonwealth, but can only be disposed of by returning it to the estate of the former owner. The Highlands has no great historical significance and a resolution authorizing the commission to return it was initiated on September 17, 1970. Until the property is disposed of, the commission must pay for utilities and maintenance. Implementation would provide an annual saving of \$8,000.

Pennsylvania Public Television Network Commission

The commission is empowered to develop and operate a public television network interconnecting all noncommercial stations in the commonwealth. It also assists in the improvement of public television service and programming.

CURRENT OPERATING METHODS

The commission consists of 22 unpaid members, six appointed by the Governor with the Senate's consent. The Governor also designates the chairman. During fiscal 1971, operations cost just under \$1.5-million.

No funds were allocated or distributed to individual stations. The budget for fiscal 1972 is \$2.4-million including \$560,000 to be spent in grants to the seven operating stations.

Administrative functions, supervised by a general manager, are performed by a staff of 18 at the Network Operations Center in Hershey. This group also operates the network interconnection system which links the public television stations in the commonwealth. The center receives out-of-state programs which it relays directly or records on video tape for later broadcasting.

APPRAISAL OF OPERATIONS

Although the commission is somewhat oversized, good business practices are being followed and programming in the public area is improving despite a scarcity of funds. Instructional television in the basic education sector is good. However, it is virtually nonexistent in the higher and adult education fields.

RECOMMENDATIONS

1. Revise the Public School Code to delete possible areas of conflict with the Department of Education.

The code contains language which would permit the Department of Education or local school districts to construct and operate public television stations or network facilities for educational purposes. If implemented, this would be a costly duplication of existing facilities. Therefore, the sections pertaining to these activities should be rewritten, deleting provisions permitting the establishment of such stations or networks. No savings are claimed.

2. Expand the Network Program and Educational Television Committees to include the Network Director of Program Operations.

Each of these committees includes representatives from the public television stations and the Department of Education with the network's general manager as an ex officio member. Addition of the net-

work program director would ensure better coordination between the stations, the network, and the department.

3. Reduce the number of commission members.

Although the commission numbers 22, most of the work is done by approximately 12 people who are oriented to business operations and the public television industry in particular. Therefore, the commission should be reduced to 12 members.

Four would be appointed by the Governor to represent private and public education as well as the general public. Two would be appointed from the Legislature and there would be three representatives of the governing boards of the public television stations as well as the chairman of the Network Operations Committee. Ex officio members should include the Secretary of Education and the chairman of the Pennsylvania Council on the Arts. No savings are claimed, but operating efficiency should improve.

SECTION IV

Transportation

The Governor's Review of Government Management – 1972



Department of Transportation

This department is responsible for developing programs to assure adequate, safe, and efficient transportation facilities and services in the commonwealth at reasonable costs.

CURRENT OPERATING METHODS

The department operates under the Secretary of Transportation who reports to the Governor. It is composed of five major organizational units and five satellite groups.

The organizational units are Administration, Planning, Highway Administration, Local and Area Transportation, and Safety Administration. Satellite groups include the Navigation Commission for the Delaware River, Operations Review Group, Bureau of Public Information, Hazardous Substances Transportation Board, and Highway Safety Group.

The department has 22,076 authorized positions of which 18,862 are filled. The fiscal 1971 budget was more than \$1-billion. The estimated budget for 1972 is more than \$1.1-billion.

APPRAISAL OF OPERATIONS

The department has a mixed record in its overall performance. At the deputy secretary level, there is a high level of technical competence and motivation. The same is true of most of the bureau chiefs.

At lower levels, there is a definite problem regarding the amount of production. At present, considerable emphasis is being placed on meeting federal deadlines. An inordinate amount of money is expended on outside consulting firms considering the internal capability which exists. The greatest lack is the absence of a program to review cost and efficiency levels.

RECOMMENDATIONS

1. Eliminate the assistant executive secretary on the Hazardous Substances Transportation Board.

This position is not needed in an office of five persons. The annual saving would be \$15,600.

2. Reduce the clerical staff in the Hazardous Substances Transportation Board.

The current work load can be adequately handled by two people. One clerical position should be eliminated for annual savings of \$5,800.

3. Develop a pilot program to evaluate projects proposed by the Highway Safety Group.

A pilot program should be instituted to determine the potential effectiveness of recommendations made by this group. Without such a mechanism, more than \$60-million will be spent in 1972 without any indication of value received.

4. Reduce the staff of the Bureau of Public Information.

Three positions are currently unfilled and should be abolished. With the present work load, additional employees could be eliminated for a total annual saving of \$40,300.

5. Expand the responsibilities of the Operations Review Group.

This group should assume responsibility for recommending improved department methods and work standards to the Secretary of Transportation. Continuing programs in this area will improve efficiency and reduce costs.

6. Improve administrative procedures in the Bureau of Public Information.

Catalogs of available highway information should be prepared and distributed. General and technical information should be separated. The cost of a mimeographed letter twice a year to 150 recipients would be \$300 per year.

7. Transfer responsibility for manning requirements in the district and county offices to the Operations Review Group.

The function of setting manning tables does not belong in Personnel. This should be a responsibility of the Operations Review Group.

8. Improve the department's procedure for receiving and answering complaints.

At present, there is no standard procedure to process complaints efficiently and effectively. A program should be established to receive, acknowledge, investigate, and reply to problems submitted by the public. Key personnel should only become involved in extremely complex or sensitive cases.

9. Allocate a portion of the marine fuel tax collected on the Delaware River to the Navigation Commission.

The funds should be used by the commission to finance water safety and harbor cleaning projects.

10. Purchase two patrol boats for the Navigation Commission for the Delaware River.

The present equipment is almost unserviceable. One manufacturer has offered to supply two boats, modified to meet commission requirements, at a total cost of \$16,000. An order should be placed so that the boats will be ready for use next season.

11. Drop plans to build a pilot driver training center at Pennsylvania State University.

This facility will not generate training or research benefits commensurate with the cost of construction or operation. Eliminating the project will provide an annual saving to the commonwealth of \$45,000. The federal saving will be \$75,000.

12. Charge an annual fee of \$50 for a river pilot's license.

River pilots should be charged for their licenses in the same manner as other professionals such as accountants, doctors, and so on. The estimated annual income is \$4,500.

13. Propose that New Jersey share the cost of operating the Navigation Commission for the Delaware River.

This commission engages in many activities which benefit New Jersey as well as Pennsylvania. An attempt should be made to have New Jersey share in the operating costs.

14. Increase the use of the commission's snag boat.

A boat was recently purchased to pick up floating debris in the Delaware River. Its capacity could be substantially increased through the addition of a boom and a small barge. The one-time cost would be \$7,000.

15. Develop an integrated program development, management, and scheduling system for construction projects.

The department lets approximately \$400-million in construction projects annually. The current critical path method of project scheduling has not worked satisfactorily and has generated excessive preconstruction costs. The department should develop and implement an integrated program development, management, and scheduling system. Benefits would include:

- ▶ Schedule construction phases according to facility requirements.
- ▶ Avoid an oversupply of completed phases.
- ▶ Determine overall costs and cash requirements more accurately.

- ▶ Establish manpower requirements.

- ▶ Provide more effective managerial control.

16. Use post office boxes to reduce manual sorting.

If field locations were requested to send certain types of documents to specific post office boxes, the amount of manual sorting now done would be greatly reduced.

17. Deposit federal aid reimbursement checks in Philadelphia and then immediately notify the Treasury Department and the Department of Transportation's Comptroller that the deposit has been made.

Implementing this procedure will make reimbursement funds available for investment one day earlier. On an annual basis, this will provide \$316,000 in additional income since these funds are in excess of \$225-million.

18. Deposit revenues from the issuance of permits promptly.

Revenues from permit issuance now take approximately three months to process. County offices should forward all money and a copy of the permits issued to the district office daily. The district should deposit funds in an interest bearing account in a local bank and send copies of the permits and the deposit slip to the Central Permit Bureau which would forward the deposit slip to the Comptroller. The Comptroller would notify the Treasury Department of the amount of funds on deposit. The annual saving through eliminating two clerical positions on the Comptroller's staff would be \$11,700. The annual income would amount to \$26,000.

19. Use credit cards and associated billing techniques to charge other agencies for gasoline issued by the Department of Transportation.

By issuing credit cards to state agencies receiving gasoline from the department and automating the billing procedure, a substantial amount of manual sorting and totaling could be eliminated. No saving has been claimed.

20. Develop a long-range fiscal plan for the department.

The department spends approximately \$1.1-billion yearly to provide transportation services to the citizens of Pennsylvania. To ensure that adequate future funding will be available and that the department will be able to administer its transportation program effectively, a long-range fiscal plan should be developed. Implementation will enable this agency to relate current capital expansion programs to future needs for maintenance and administration.

21. Make financial stability a requirement for awarding contracts to consultants.

There have been occasions where jobs were not completed because the contractor declared bankruptcy. To prevent this in the future, financial stability should be a requirement for contract awards.

22. Transfer district personnel responsible for preparing accounting transactions to the Comptroller's staff.

These employees should be placed on the Comptroller's staff although continuing to work in their respective districts. Implementation will provide a means for the Comptroller to train these individuals to properly prepare and process accounting information and data.

23. Establish a manual vendors' file and discontinue the filing of invoices alphabetically.

At present, invoices are filed numerically by voucher transmittal number and alphabetically by vendor name. The alphabetical file could be eliminated by establishing a cross reference system using the voucher number. Implementation would reduce the amount of clerical help required and provide an annual saving of \$17,600.

24. Modify batch control procedures to reduce overcontrolling.

At present, several batch control totals are prepared although only one should be necessary. Therefore, document flow in accounting transactions should be examined and unnecessary procedures eliminated.

25. Cease the manual pre-audit of purchase orders.

The manual pre-audit is merely a duplicate of work performed by the computer. Eliminating this procedure will make it possible to reduce the clerical staff by 15 positions. The annual saving will be \$88,300.

26. Audit all department projects.

At present, audits are limited to projects involving federal participation. Bureau personnel estimate that auditing results in a 1% cost reduction for each contract. The annual cost of implementation would be \$100,000. The estimated annual saving would be \$887,000.

27. Improve control and management of external audits.

The following steps should be taken to improve the quality of external audits:

- ▶ Follow audit manuals.
- ▶ Standardize work papers.

- ▶ Provide audit check lists.

- ▶ Set time standards for length of audits.

- ▶ Establish closer supervision over the auditor's development of work papers.

- ▶ Develop improved auditing techniques such as confirmations and use of previous audits.

28. Enforce findings discovered by audits.

Reviews of department audits show that certain policies are not being adhered to. An example is the incurring of costs on projects before the authorization date set by the Federal Bureau of Roads. Violations of this type cost the commonwealth money as federal reimbursement is not supplied.

29. Audit the central office bureaus.

At present, audits are done only on field activities. Improved productivity and better adherence to department policy should result from directing this activity to central operations as well.

Deputy Secretary for Administration

Fiscal affairs, management information systems, office services, and personnel functions for the Department of Transportation are handled by the Office of the Deputy Secretary for Administration.

The office is comprised of the Bureaus of Fiscal Management, Management Information Systems, Office Services, and Personnel. Fiscal Management prepares operating and capital budgets while Management Information Systems supervises computer operations, industrial engineering activities, and management information services. The Bureau of Office Services is responsible for procurement and inventory analysis, publication and forms management, architectural, reproduction, and building services. The Bureau of Personnel performs personnel work for the Department of Transportation.

The Deputy Secretary for Administration approves requests from department employees for out-of-state travel and is chairman of the recently reactivated Municipal Advisory Committee which provides liaison between the department and local governments. The total budget for fiscal 1971 was more than \$78.7-million.

Although the office is empowered to perform operations analyses and improvements, no work is done in these areas. Better information in an improved format is needed in the Bureau of Fiscal Management for distribution to offices and districts so they will be aware of the status of current projects. The

Bureau of Management Information Systems is not providing satisfactory service and operations in the Bureau of Office Services should be improved. Forms' inventories are too high.

RECOMMENDATIONS

30. Perform an in-depth work simplification study of the Bureau of Office Services.

The purpose of the study would be to provide measurement factors for each position and to gauge employee performance against them. Compared to industry, production levels in this bureau are low. A 10% improvement should be obtainable once standards are established. Implementation should make it possible to abolish 12 existing vacancies for an annual saving of \$92,000.

31. Establish an inventory procurement and control system for the Department of Transportation.

A tentative system is being tested and should be evaluated and perfected as soon as possible. The benefits to be derived from implementation on a statewide basis are too great to permit inventory management to be ignored. In evaluating the pilot system, attention should be given to automatic computer generation of purchase orders when purchase contracts do not exist as well as to updating of inventory and accounting records. The annual cost of implementation is estimated at \$250,000. Annual savings would be approximately \$2.8-million.

32. Revise the contract with the computer vendor.

The current department contract does not spell out the vendor's responsibility in regard to the cost of computer reruns. A contract revision could provide annual savings of \$16,100.

33. Eliminate the tabulating section which supports the B-5500 computer system.

By mechanizing the reports currently produced in this group and transferring the card sorting function to another tabulating section, annual savings of \$80,000 would be produced. The one-time cost of implementation is estimated at \$15,400.

34. Establish a job classification for the tape librarian function.

Currently, this function is performed very adequately. However, there should be a formal job classification for the position. No savings are claimed.

35. Consolidate the Systems Design and the Programming Divisions into a Systems and Programming Division.

At present, these divisions are independent and report to the director. They work together to solve

business problems through the use of data processing equipment. Combining them will reduce the span of control and consolidate these closely related activities. No savings are claimed.

36. Place the Systems and Programming Division under the control of the assistant director.

Currently, the assistant director is responsible for engineering and software support aspects of the bureau's work. Implementation will place all systems design and programming functions under his control and reduce the director's reporting responsibilities. No savings are claimed.

37. Establish a Planning Division in the Bureau of Management Information Systems.

Little attention is given to planning for new EDP applications and equipment. Reliance is placed on consultants and vendors for this important task. A Planning Division will place accountability for this function upon the bureau's staff. Under the current organization, the Management Information, Industrial Engineering, Operations, Systems Design and Programming Divisions as well as the Administration Section report to the bureau's director. The assistant director is responsible for Software Support, Highway, and Bridge Engineering.

Implementation of this and other recommendations will change the reporting structure so that the Operations, Management Information, and Planning Divisions as well as the Administration Section will report to the director. The assistant director will handle Software Support, Highway, and Bridge Engineering as well as the Systems and Programming Division. No savings are claimed.

38. Exercise better control over machine user departments.

Several departments have their own programming staffs and applications are run on the bureau's systems. Although the department's Bureau of Management Information Systems has responsibility for efficient machine use, this is difficult without control of the operating programs. There should be a formal program/system review procedure established between the bureau and user agencies. No savings are claimed.

39. Establish an EDP steering committee.

The director of the department's Bureau of Management Information System's must establish priorities for the various deputy secretaries. A steering committee, chaired by the Secretary of Transportation, would eliminate this awkward situation. No savings are claimed.

40. Establish off-premises storage facilities for crucial files.

Currently, all files including backup copies are stored on the premises. For a nominal fee, crucial files and operating programs could be stored elsewhere and a cycled retention program established. The annual cost is estimated at \$5,000.

41. Relocate the director and certain divisions.

The director and some of the bureau's divisions are located on the 12th floor of the Transportation and Safety Building. Since the bulk of the employees are currently in the basement, transferring the 12th floor personnel will consolidate the operation and eliminate needless traveling time. Costs will be offset by savings.

42. Transfer the Industrial Engineering Division to the Operations Review Group of the Department of Transportation.

In its present organizational location, this division reports to a bureau director. However, its duties cross department lines making it a staff function. The addition of this division to the Operations Review Group will strengthen the group and allow the division to broaden its scope and implement improvements more effectively. No savings are claimed.

43. Print encumbrance data on certificates of title for motor vehicles.

At present, titles are scanned and those with encumbrances pulled so the clerical staff of the Title Division of the Bureau of Motor Vehicles can type and proofread the information. The data could be made part of the computer's master file, eliminating this manual operation. Savings have been claimed elsewhere.

44. Move programmers in the Capitol Associates Building to the Highways and Safety Building.

Programmers responsible for engineering and bridge design applications should be located with the rest of the bureau's programming staff. Implementation will provide better control and increase the staff's productivity.

45. Cease printing tag bulletin reports.

A list of active motor vehicle tag numbers is printed on the computer, mass duplicated, and mailed to all regulatory agencies in the commonwealth. By the time it is received, the report is usually 20% out of date. With current inquiry capabilities, the same information can be obtained in a matter of minutes on an as-needed basis. Implementation will provide an annual saving of \$19,500.

46. Charge machine user departments for systems, programming, and computer costs.

The entire budget for computer applications is under the Bureau of Management Information Systems. By charging user departments for EDP activities, a better picture of associated costs will be presented. In addition, there will be more incentive for departments to improve operations through automation. No savings are claimed.

47. Group error output reports into three categories to improve computer operating efficiency.

Currently, 25 reports are produced daily to show input errors in computer operations. By grouping the reports into three categories, the set-up time can be decreased, improving operational efficiency.

48. Eliminate listings of daily input transactions successfully completed.

All computer transactions are currently listed. References to these data are minimal. Since input tapes are saved as backup information, this activity should be eliminated for an annual saving of \$16,800.

49. Eliminate computer-printed output for the Records Division.

This output is a duplicate of information stored on the computer and another recommendation proposed that the division be provided with inquiry stations to accommodate its reference needs. Annual savings from implementation would be \$113,000.

50. Coordinate future computer systems with the Department of Revenue.

Since the Departments of Revenue and Transportation house their computers in adjacent facilities, an attempt should be made to keep the systems compatible so they can be used as backup equipment for each other. No savings are claimed.

Bureau of Fiscal Management

This bureau develops, recommends, implements, and directs effective fiscal management and control policies for the Department of Transportation. It operates under a director and is comprised of four sections with an authorized staff of 21 persons.

Its responsibilities include preparation and presentation of the annual budget, maintenance of income and expenditure analysis estimates for current and future years, preparation of fiscal reports for various bureaus and agencies, and development and implementation of effective fiscal management policies. The bureau also keeps management informed of the status of department finances, provides guidance to

district fiscal control offices, analyzes current expenditures against the budget, and performs analytical studies in various functional areas.

In addition, this unit pays statewide highway obligations, administers federal funds approved for highway planning and research, and reviews and gives budget approval to formal contracts. The operating budget for fiscal 1971 was \$250,000.

The management is good and the bureau is meeting its day-to-day service requirements. However, there is a weakness in the reporting structure which makes it impossible to give management information on all projects by budget line item.

RECOMMENDATION

51. Prepare additional reports for management depicting, by function, actual expenditures versus target costs.

The budgetary accounting system used by the Bureau of Fiscal Management is project oriented. This means there is no method to measure functional costs—inspection, labor, travel, and so on—against established norms. Therefore, the bureau should prepare reports so the management of the Department of Transportation can develop standards and identify any deviations. Such a system will inhibit uneconomic uses of labor, equipment, and money. In the area of highway maintenance, a saving of 0.1% would result in an annual saving of \$180,000, but this amount is not being claimed.

Deputy Secretary for Highway Administration

This office is responsible for design, construction, maintenance, and land acquisition for state highways. Three deputy chief engineers report to the deputy secretary. There are more than 44,000 miles of highways under the care of this office. The authorized staff totals 19,342 and the budget for fiscal 1971 was \$883.1-million. Construction of highways is based on a “six-year improvement program” which is updated every two years.

The program for highway improvement projects provides an effective basis for future construction. However, there is no comparable long-range program for the orderly growth and control of the office which will implement the construction.

The Deputy Chief Engineers, East and West, give only minor direction to the district engineers and are not held responsible for economical performance in the engineering or county maintenance districts.

In the absence of strong line management, the bureaus under the control of the Deputy Chief Engineer, Central Office, have expanded the scope of their activities, resulting in unclear lines of accountability and unnecessary delays in decision making. Many fundamental economic measurements are not applied to projects, causing excess costs or uneconomical use of resources.

RECOMMENDATIONS

52. Establish a program for phase budgeting of highway building projects.

The present practice is to submit proposed budgets covering all funds required for a project to the Legislature. Some of the costs, however, will not be incurred for years. By committing funds to priority projects considerably in advance of need, money for other projects is sometimes unavailable. Phase budgeting would improve the department's planning and engineering activities and make it possible to avoid excessive preconstruction costs.

53. Develop a plan for the growth of highway administration activities within the Department of Transportation.

Bureau and district engineering staffs have been upgraded and enlarged to meet the demands of the Federal Highway Program. The huge highway maintenance program has been given new dimensions because of the emergence of labor unions and the demise of the patronage system for highway workers.

It is essential that a long-range plan be developed to guide the growth of highway administration activities. It should cover projected manpower needs, personnel recruiting, training and assignments, development of professional maintenance managers, extent and direction of research projects, and plans for the use of outside firms for consulting and contracting work. A five-year program, to be reviewed and updated annually, should be established to cover these areas. No savings are claimed.

54. Develop a sound rationale for using and rating consultants for highway and bridge projects.

Decisions to have consultants perform work are frequently made without contacting district engineers and without taking into consideration either present or projected work loads in the districts. In addition, full-cost comparisons are not made between charges for in-house and contracted design work. Without such data, it is impossible to choose the more economical method. Therefore, the following procedure should be established:

- Costs assignable to in-house or consulting design projects should be computed, published, and updated annually.
- They should be used as a major criteria for assigning work and making long-range plans regarding district design staffs.
- Consultants should be performance rated by the district having primary jurisdiction.
- Only firms with satisfactory ratings should be considered for future work.
- A study should be made of the feasibility of letting design contracts on the basis of competitive bids.
- Work loads at all district offices should be considered when determining in-house capabilities.

55. Reorganize the Highway Administration office.

The present organization suffers from duplicate and overlapping responsibilities. The structure should be changed to establish well-defined line and staff duties and to consolidate bureaus with similar functions and skills.

Under the proposed organization, the Deputy Chief Engineers, East and West, would each supervise five engineering districts. The Deputy Chief Engineer, Central Office, would be responsible for the Bureaus of Design and Construction, Materials Testing and Research, Maintenance, Traffic Engineering, and Right of Way. All three would report to the Deputy Secretary for Highway Administration. Savings have been claimed elsewhere.

Deputy Chief Engineers, East and West

These offices plan, design, construct, and maintain state highways in their respective sections of the commonwealth. Duties are discharged through 11 engineering districts, each having direct responsibility for the state highway system within its respective area including rights-of-way procurement.

There are five divisions in each district: Administrative Services, Planning and Pre-Design, Design, Construction, and Operations. Operations is divided into Accident Review, Traffic Engineering, Roadside Development, Municipal Services, Permit, and Maintenance Sections.

Technical and professional positions in the district offices represent 90% of the total complement and are covered by civil service. There are 67 Highway Maintenance Districts and costs for fiscal 1971 exceeded \$183-million.

The Deputy Chief Engineers give only minor direction to district engineers and are not held responsible for economical district or county maintenance performance. The central office exercises too much control over field operations, resulting in inefficiencies. The highway maintenance program suffers from inadequate supervision, a lack of effective planning and scheduling, incomplete performance standards, poor feedback and discipline as well as confusion over job priorities. Work forces contain personnel who are physically incapable of meeting job requirements. Some tasks would be more economically performed under contract and space utilization is poor.

RECOMMENDATIONS

56. Delay authorized capital expenditure for two buildings.

A district office in Lycoming County and an additional wing for the maintenance building in Perry County have been authorized at a total estimated cost of \$2.6-million. Because of the poor space utilization in existing quarters, a study should be undertaken to determine more effective use of facilities already available at these two locations.

57. Eliminate 124 vacant staff positions.

The low productivity of administrative employees at the district and county levels makes it unnecessary to fill vacant staff positions. To increase production, a work simplification and performance measurement study should be conducted. No cost is anticipated since present personnel should be able to carry out the review. Annual savings are estimated at about \$756,000.

58. Eliminate 11 deputy district engineers.

The duties of the deputies are basically an unnecessary duplication of those assigned to the district engineers. Eliminating these positions will increase operational efficiency and provide an annual saving of \$271,000.

59. Implement a comprehensive maintenance management system for the county maintenance districts.

Performance measurement and work standards are needed to improve the efficiency of these operations. A comprehensive maintenance management system would provide cost reductions of 25% in salaries, 15% in rentals, 10% in contracted work, and 5% in selected services. The total annual saving would be \$22.1-million. The one-time cost of conducting the necessary study and providing measurement tools would be \$500,000.

60. Do not fill positions of assistant to Deputy Chief Engineers.

These positions represent an unnecessary supervisory level and should be eliminated. Implementation would provide an annual saving of \$54,200.

61. Assign full responsibility for coordinating and directing highway engineering and maintenance activities within their respective regions to the Deputy Chief Engineers.

These positions were established to provide line executives to reduce the Chief Engineer's span of control over the 11 engineering and 67 county maintenance districts. They have evolved into liaison and troubleshooting activities with minimum involvement in highway maintenance, cost control, personnel practices, staffing levels, and performance reviews. Extending these assignments to the full range of duties described in the position descriptions will eliminate much of the confusion and conflict which now exists.

62. Reduce the number of people in the permanent maintenance organization.

In November 1971, the Department of Transportation was required to reinstate terminated patronage employees, resulting in excess personnel in 36 of the 67 county maintenance districts. The management should lay off these excess people under the terms included in the new collective bargaining agreement. The annual saving should amount to approximately \$3.3-million.

63. Establish a 9½ hour, four-day work week on a rotating five-day schedule for certain field personnel in the engineering districts.

Establishing the proposed schedule would provide a 35% increase in the productive hours per day and would permit a 7% reduction in personnel. The annual savings would be more than \$1.2-million.

64. Establish a 9½ hour, four-day work week on a rotating five-day schedule for highway maintenance personnel during the summer season.

Establishing the proposed schedule would increase the daily productive hours by 31% and make it possible to reduce the work force by 5%. Annual savings will amount to almost \$2.9-million.

65. Eliminate the leased office space at Pittsburgh for Engineering District #11 and substitute a new building constructed on state-owned land.

The operation of almost every unit in the district is being adversely affected by the current inadequate facilities. The investment and operating cost of a

new building will be offset by eliminating the rent now being paid for leased facilities.

66. Substitute stick-ons for drawn details in highway plans, bridge designs, and traffic engineering drawings.

Standard details prepared to scale and available as stick-ons should be applied to drawings to reduce the need for detail work. This system is used by consulting firms and has resulted in major cost reductions. Implementation will result in annual savings of \$228,000.

67. Rewrite construction contract provisions to reduce inspection requirements.

At present, contractors are required to adhere to supplements, special provisions, and conditions in great detail. Materials and equipment are inspected before and during installation as well as after completion. In addition to on-site tests, materials are reviewed at the supplier's plants and shipments must be approved before dispatch. All of this is done by state personnel. Reducing these requirements to a more reasonable level will provide an estimated annual saving of almost \$3.8-million.

68. Reduce the number of county stockpiles.

Stockpile areas have been established without thought to requirements and without regard for any established standards on operational efficiency. A study, based on pre-established requirement ratios, should be undertaken to consolidate these areas in the most desirable locations.

69. Eliminate manual determination of available highway routes by district personnel issuing overweight or oversize permits.

At present, district personnel issue these permits after scanning maps for usable routes. A computerized system for determining clearances and road capacities would eliminate this manual procedure. Personnel savings are expected to offset programming costs.

70. Standardize municipal maps.

At present, maps are submitted to the department in varying scales, requiring additional work by personnel who must check the project for department approval. Time and effort will be saved by standardizing them as is now done for county maps.

71. Study the feasibility of consolidating some of the engineering and county maintenance districts.

The commonwealth is divided into 11 engineering and 67 county maintenance districts. These opera-

tions have been established with little regard for efficiency or equality of operation. Study of the existing districts should be undertaken with a view to consolidating as many as seems feasible.

72. Upgrade managerial positions with responsibility for highway maintenance and staff them with qualified personnel.

Currently, district maintenance engineers, county maintenance superintendents, assistant superintendents, and automotive equipment foremen are subject to appointment and change on the basis of political sponsorship. These are management positions with responsibility for planning and scheduling work, assigning personnel, reviewing performance, responding to public complaints, and representing the commonwealth in administration of the union contract.

All of the existing maintenance management positions should be reviewed, redefined, and retitled. Prerequisite qualifications and standards of performance should be established and reporting relationships restructured to bring the county maintenance director under the control of the Assistant District Engineer, Operations. Also, these positions should be placed under the civil service system and incumbents required to requalify for job retention on the basis of the new standards. The annual saving will be more than \$1.02-million.

73. Reassign a portion of the automotive maintenance force to night shifts to reduce equipment downtime.

At present, only lubrication is performed at night. By establishing a regular nightshift, maintenance work could be accomplished in a more timely fashion resulting in annual savings of \$590,000.

Deputy Chief Engineer, Central Office

This office has responsibility for seven bureaus which serve as technical staff groups to the engineering districts. They are the Bureaus of Construction, Design, Maintenance, Materials Testing and Research, Traffic Engineering, Right of Way, and Landscape Development. The fiscal 1971 budget was almost \$28.8-million and the authorized staff as of September 3, 1971, was 928 with 77 vacancies.

An organization as large as the Highway Department needs a staff function, but the seven bureaus which carry out this responsibility are almost all overstaffed. Consulting firms are used to excess in the location and design phases of highway projects and an inordinate amount of time is spent on reviews.

Expensive equipment maintained by the Bureau of Materials Testing and Research is seldom used while wasteful tests of product quality are performed regularly. There is much duplicate inspection during construction. Also, there is overspecialization in the bureaus and a tendency to dominate district operations which results in costly delays, unnecessary reviews, and poor working relationships.

RECOMMENDATIONS

74. Phase out the purchase, installation, and removal of snow fences within two years.

In fiscal 1971, the cost of erecting and dismantling snow fences and headwall markers was more than \$2.7-million. With the increasing use of more sophisticated snow removal equipment and methods, this expenditure is no longer necessary. Both New York and New Hampshire are phasing out snow fences although they have significantly heavier annual snowfalls. The current budget should decrease the authorization for snow fences to \$750,000 for highway locations which are considered severe problems. The annual saving will be \$1.95-million.

75. Employ in-house appraisers to take over activities now assigned to contracted firms.

During fiscal 1971, the commonwealth spent more than \$2.5-million in fees for appraisals connected with rights-of-way acquisitions. Adding 10 qualified appraisers to the district offices and two real estate appraisal trainers to the bureau would allow state personnel to handle 75% of the work now being done by outside firms. The annual cost would be \$154,000. The annual saving is estimated at more than \$1.9-million.

76. Improve the use of the Photogrammetry Section of the Bureau of Design.

Expanded use of this section would reduce the personnel needed in ground survey groups. It would be necessary to add six photogrammetrists and initiate a second shift operation in the section. The annual cost would be \$57,800. The annual saving is estimated at \$463,000.

77. Eliminate the Bureau of Landscape Development under the Deputy Chief Engineer.

A great portion of the initial development of programs and procedures in this bureau has been accomplished. Remaining functions could be absorbed by the Bureaus of Design, Construction, and Maintenance by transferring one engineer, five landscape architects, three specialists, and the field control units. The annual saving through staff reductions would total \$87,500.

78. Reorganize the Bureau of Right of Way.

This bureau directs the acquisition and management of all property for highway purposes. Since most of the work is performed at the district level, the central bureau should be reorganized for greater efficiency. The proposed restructuring would have a Right of Way Administration for the Eastern Division and one for the Western Division reporting to the director. The Federal Aid Claims Control and Administrative Sections would also report to him. All other units would be eliminated producing an annual saving of \$402,000.

79. Establish a program and timetable for transferring responsibility for quality control and material certification from department personnel to vendors and contractors.

Quality control and material certification should be the responsibility of the vendors and contractors doing business with the Department of Transportation. Random sampling and end result testing by the Bureau of Materials Testing and Research should be all that is necessary. Transferring responsibility for these functions will provide an annual saving of \$700,000.

80. Reduce bureau construction activities to staff functions, transfer the reduced force to the Bureau of Design, and rename it the Bureau of Design and Construction.

At present, district personnel duplicate field activities of the Bureau of Construction. Therefore, these should be delegated solely to the districts. Activities relating to contract specifications and bid procurement can be combined with functions performed by the Bureau of Design. The overall result of merging these operations will be increased efficiency, reduced staff levels, and an annual saving of \$230,000.

81. Reduce the activities of the Bureau of Design to staff functions and place review and approval authority in the districts.

With the exception of interstate highways, major intersections, and structures greater than 105 feet in span, review and approval authority should be placed in the districts. This would reduce the activities of the bureau to staff functions and provide an annual saving of \$585,000 through personnel reductions.

82. Reduce the number of tank trucks and equipment operators in the county maintenance districts.

A thorough study by Bureau of Maintenance personnel should be initiated to upgrade the statewide

fuel distribution system used by the department. Substantial savings which will far outweigh the cost of additional or replacement pumping equipment can be realized. No specific amounts are claimed.

83. Use aluminum coated sheet steel for highway signs.

At present, the department uses aluminum sheet for its signs. Substituting the coated sheet steel will provide annual savings of \$143,000.

Deputy Secretary for Local and Area Transportation

The deputy secretary sets priorities and disburses funds for the preservation and improvement of all nonhighway modes of public transportation including motor buses.

The Office of the Deputy Secretary is divided into Bureaus of Mass Transit Systems, Aviation, and Municipal Services. They are responsible for preparing budgets to allocate federal and state funds within their respective spheres of operation. Short-term planning is done locally while long-range plans are made jointly by this office and the Deputy Secretary for Planning.

The Bureau of Mass Transit Systems attempts to improve urban mass transportation operations. In fiscal 1971, \$18-million was allocated to this bureau. In 1972, it expects to disburse about \$56-million.

The Bureau of Aviation maintains four airports and a landing strip owned by the commonwealth. It also operates five state-owned aircraft. The bureau is self-supporting, relying on landing fees, rentals, and concession charges to meet expenditures.

The Bureau of Municipal Services disburses money from the Highway Fund to local areas to build roads, bridges, traffic controls, and other items that are ancillary to the state highway system. In fiscal 1971, expenditures reached \$55-million. In 1972, an estimated \$70-million will be distributed.

This office is discharging its responsibilities in an adequate manner. The Bureau of Mass Transit Systems has sufficient staff for its present and projected level of operations while the Bureau of Aviation is capable of performing its functions despite 22 vacancies. It has been proposed that Aviation report directly to the Governor, but this does not seem appropriate. The bureau's chief acts as the Governor's pilot and his flying duties interfere with the quality and quantity of his administrative work.

RECOMMENDATIONS

84. Abolish 21 vacancies in the Bureau of Aviation.

This bureau is operating satisfactorily with its current staff. Therefore, of the existing 22 vacancies, only that of airport manager at Harrisburg International Airport should be filled. The other positions should be abolished for an annual saving of \$177,000.

85. Appoint an administrative assistant for the director of the Bureau of Aviation.

This bureau chief also acts as the Governor's pilot. Because a considerable amount of his time is spent discharging this duty, his administrative work suffers. There should be someone within the bureau who is capable of handling administrative tasks when the director is not available. Implementation will cost \$12,100 annually.

86. Eliminate the position of assistant director in the Bureau of Municipal Services.

The size of the bureau and its span of control is such that this position is unnecessary. Eliminating it will provide an annual saving of \$22,900.

87. Send out monthly letters on mass transportation to equipment manufacturers and representatives of mass transportation interests.

The consensus is that the department is not keeping interested parties informed of activities in the area of mass transportation. A monthly newsletter could accomplish this for an annual cost of \$500.

Deputy Secretary for Safety Administration

This office is responsible for protecting citizens of the commonwealth in a manner which conforms to state law.

The agency is comprised of the Deputy Secretary's Office and the Bureaus of Motor Vehicles, Traffic Safety, and Accident Analysis. As of September 3, 1971, there was a total of 1,656 employees. Its fiscal 1971 budget was almost \$16.3-million.

Problems with regard to this agency include over-staffing, inefficient work methods, excessive records, poor work flow, and high employee turnover. The Bureau of Traffic Safety suffers from administrative inefficiencies and poor employee communication.

RECOMMENDATIONS

88. Eliminate two administrative assistants in the Bureau of Traffic Safety.

There is insufficient work within the bureau to justify two assistants on the director's staff. Eliminating

the two administrative assistant positions will provide annual savings of approximately \$23,000.

89. Eliminate some assistant division chiefs in the Bureaus of Motor Vehicles and Traffic Safety.

These supervisory positions are unnecessary and result in inefficient division management. The Bureau of Motor Vehicles should eliminate the assistant division chiefs in Title, Abandoned Vehicles, Accounts, Correspondence, Motor License, Records, Registration, and Shipping and Mailing. Traffic Safety can abolish these positions in Inspection, Operator Improvement, Financial Responsibility, Central Control, Records, and Classified Operators. Total annual savings will be \$130,000.

90. Eliminate the review board in the Bureau of Traffic Safety's Operator Improvement Division.

Following a field hearing for non-point violations, driver safety examiners submit recommendations to this board for review although the examiners are better qualified than the board's legal assistants. Since penalties are assessed on the basis of an established schedule of violations, the board is performing an unnecessary function and should be eliminated. Annual savings would be \$103,000.

91. Increase the minimum property damage requirement for reporting accidents to the Bureau of Traffic Safety to \$200.

The \$100 minimum has been in force since 1959 and the bureaus involved have requested legislation to increase it to \$200. Studies show that implementation would provide a decrease of about one-sixth in the reports handled each year. This would be an annual saving of \$150,000 through staff reductions.

92. Increase the fee for motor vehicle inspection stickers to \$0.25.

Currently, the Bureau of Traffic Safety has operating costs of \$3.5-million and an income of \$2.1-million from the sale of stickers at \$0.15 each. This fee should be raised to \$0.25 to cover administration costs. The additional annual income is estimated at \$1.4-million.

93. Eliminate the Data Recording and Tabulating Sections in the Control Division of the Bureau of Traffic Safety.

These sections process about 35,000 conviction reports and certified court judgments for the bureau's records. The work could be performed by the Bureau of Management Information Systems which has the capacity and personnel to do the job. The total annual savings would be \$149,000.

94. Convert the bureau's records to microfilm.

The Records Division of the Bureau of Traffic Safety houses approximately 2.5-million files on drivers convicted of violations. It opens 2,000 new files daily. These records should be microfilmed. The one-time cost would be \$18,000 while the annual savings in staff and operating costs is estimated at \$258,000.

Bureau of Motor Vehicles

This bureau collects and deposits fees and issues certificates for vehicle titles, registrations, and operators' licenses. It also issues license plates and maintains individual records on both vehicles and operators.

Motor Vehicles is the largest bureau in the commonwealth with 1,214 authorized positions as of September 3, 1971. Expenditures for fiscal 1971 were \$10.7-million, excluding \$5.2-million for computer services carried in the budget of the Bureau of Management Information Systems. Revenues for license registrations and title transfers amounted to \$183-million for fiscal 1971.

The bureau is organized into six staff units and nine line divisions. The staff divisions include Supplies, Personnel, Telephone Information, Dealers' Registration, Special Tags, and Title — Philadelphia. The line organizations are Data Control, Accounts, Motor License, Title, Shipping and Mailing, Abandoned Vehicle, Registration, Records, and Correspondence. There is a peak work load from January to April when passenger vehicle registrations are renewable.

Motor Vehicles contains a sprawling group of divisions which use extensive space, operate inefficiently, and employ a large number of people with marginal ability, supervised by nonprofessional appointees.

Citizens who must depend on this bureau are not well served. Almost 100% of the jobs are patronage posts and many people filling them are 65 or older. Data processing costs are excessive and the service is unsatisfactory.

Although the bureau became a part of the Department of Transportation in 1970, many organizational problems have yet to be resolved. The Shipping and Mailing Division is using antiquated equipment which is improperly maintained. In addition, many manual operations are performed which could be eliminated through better use of the available resources.

RECOMMENDATIONS

95. Cycle motor vehicle registrations over a one-year period.

The present system causes peak work loads during the first four months of the year. Because of the great number of registrations which must be processed during this time, the bureau has been forced to grant extensions of expiration dates. Cycling registrations over a year's period will reduce the number of employees, eliminate the necessity for temporary help, permit better operational planning, and provide improved service to the public. Savings are claimed elsewhere.

96. Revise the data processing and manual systems now in use.

Major revisions are needed in the bureau's data processing and manual procedures. The electronic data processing operation should be modified to make it possible to:

- ▶ Utilize the computer files for all information requests.
- ▶ Increase the amount of editing and error detection performed by computer.
- ▶ Generate all required accounting and statistical information as a byproduct of normal computer processing.

Installation of additional remote terminals would enable personnel to use computer files for queries, eliminating the time-consuming practice of retrieving information from hard copy files. It would also reduce the effort expended in setting up individual files. Introducing edit routines would shorten the time required to process information into the system, expedite fee deposits, and provide better control over information flow. By providing for generation of timely, accurate accounting and statistical data as a byproduct of input processing, a time-consuming manual task will be eliminated.

Manual procedures should be studied to reduce handling, speed up processing, and achieve better cash flow. Currently, it requires up to four weeks to process operator and vehicle license applications and about eight days to deposit funds received. Through more effective utilization of the computer, elimination of unnecessary operations and examinations, and implementation of labor saving techniques, it should be possible to improve processing time, reduce the clerical staff, and have funds deposited within two days of receipt. Savings have been claimed elsewhere.

97. Establish a clerical work measurement program to provide performance standards.

Due to the lack of supervision and an absence of work standards, there are wide fluctuations in daily clerical output, resulting in inefficiency and poor service. The proposed study would develop standards to control and improve productivity. A well-designed work measurement program should result in a 20% reduction in processing time with a consequent elimination of unnecessary staff. Savings are claimed elsewhere.

98. Reorganize the Bureau of Motor Vehicles.

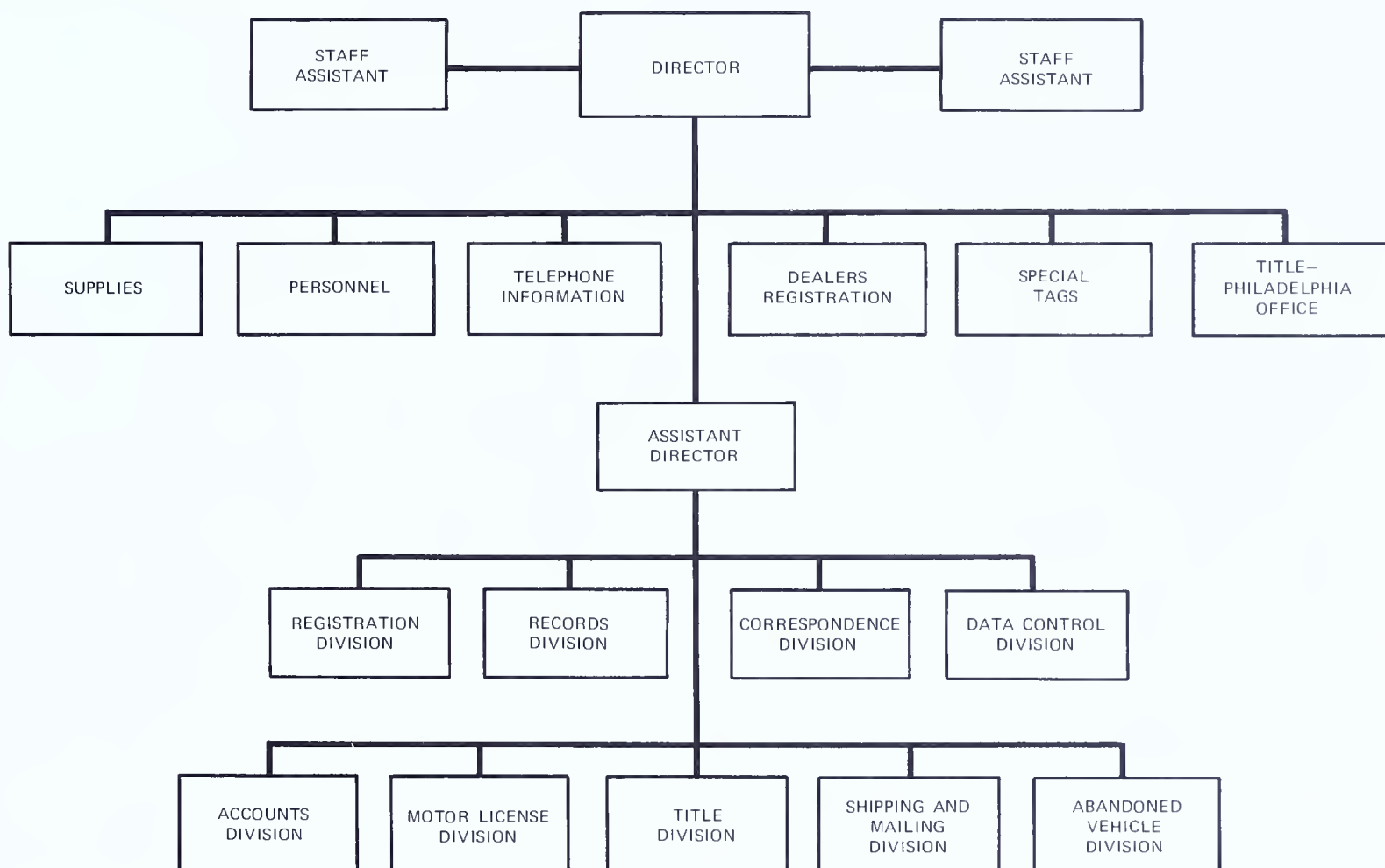
A chart showing the present bureau organization is given below. To eliminate positions which have become redundant, relocate related functions, and set up reporting relationships based on proposals made in other recommendations, it will be necessary to reorganize this bureau.

The proposed bureau is shown in the chart on the next page. Under this organization, the bureau would handle approximately 56,650 transactions per

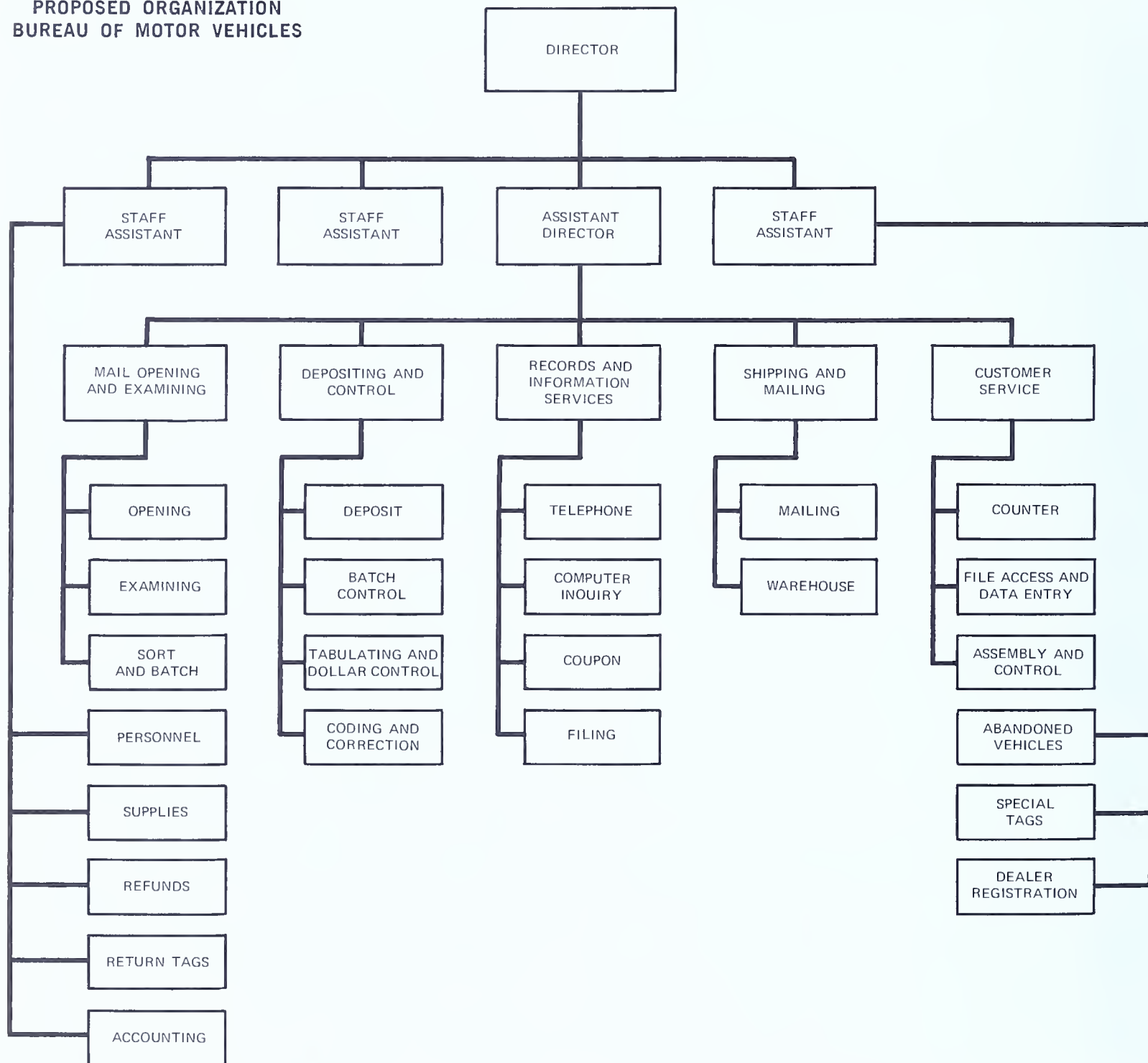
day in a 22-day work month. This would include operators' licenses, registrations, additions, and changes. Implementation will require the following:

- ▶ Hire a staff assistant to coordinate bureau systems and data processing activities.
- ▶ Transfer certain functions now reporting to the assistant director of the bureau to two staff assistants. One assistant would be responsible for personnel, supplies, refunds, return tags, and accounting. The other would handle special functions such as abandoned vehicles, special tags, and dealer registrations.
- ▶ Regroup related functions to provide better control of bureau activities.
- ▶ Reorganize the Customer Service Division and modify its processing procedures. In the proposed organization, the Counter Unit would man 10 windows. Each location would have a cash register and would handle all types of transactions. The Data Entry Unit would

**PRESENT ORGANIZATION
BUREAU OF MOTOR VEHICLES**



**PROPOSED ORGANIZATION
BUREAU OF MOTOR VEHICLES**



process information into the computer through the direct entry terminal. The EDP system could assign a license or operator's number if required and prepare necessary documents using on-line printers. File Access would retrieve information through remote terminals while the Assembly Unit would gather necessary documentation from Data Entry and issue appropriate materials to the customer. The Control Unit would ensure that money shown on the cash register was received for deposit and

necessary information generated by the computer was forwarded to Accounting. It would also see that applications were entered on the computer. This proposed organization would require 35 fewer employees while providing improved customer service and control.

- Abolish the Accounts Division and transfer its functions to other units.
- Consolidate warehousing activities to achieve better control of materials.

- ▶ Eliminate the Correspondence Division and transfer its duties to the appropriate operating divisions.
- ▶ Close the Philadelphia office of the Title Division and reassign its duties to Harrisburg, handling requests and complaints by direct telephone lines.
- ▶ Transfer the Telephone Unit to the Records Division to provide better customer service since most of the calls must be directed to this division.
- ▶ Restructure the Data Control, Title, and Registration Divisions into Mail Opening and Examining and Depositing and Control Divisions.
- ▶ Move the Depositing Section of the Motor License Division to the Depositing and Control Division.
- ▶ Change the Records Division to a Records and Information Services Division.
- ▶ Eliminate the use of temporary help for processing vehicle registrations.

Implementation of this and related recommendations will save the commonwealth more than \$3.6-million and return additional income of \$263,000 annually. There will be a one-time cost of \$1-million while total staff requirements will be reduced from 1,089 positions to 527.

99. Renew registrations every two years.

Currently, registrations are renewed annually. By registering vehicles every two years at twice the yearly rate, the commonwealth would receive \$208-million the first year, instead of \$104-million received under present procedures. The extra income could be invested at 5% every other year and would provide more than \$2.6-million annually in increased income.

100. Prepare an information booklet for use by the Telephone Information Division.

The booklet — containing answers to the most commonly asked questions — could be used by this unit in handling queries from the public. Currently, calls are routed to the operating division involved. Implementation would enable many questions to be answered at once, providing better service and saving time in the other divisions.

101. Revise the format of the Motor Vehicle Code booklet for use in a loose leaf binder.

Approximately every two years, the code is reprinted in full and distributed to the state police and other

regulatory agencies. This is done to update certain sections. However, by changing to a loose leaf format, only sections with changes would have to be reprinted. No savings are claimed.

102. Install a public address system in the Bureau of Motor Vehicles.

At present, a clerk must call out, over considerable noise, when distributing processed work to customers of the bureau. A public address system would alleviate difficulties in hearing this person and collecting finished forms. The one-time cost is estimated at \$3,000.

103. Establish a formal plan for improving operations in the Bureau of Motor Vehicles.

There is great concern over this bureau's inability to respond to the public's needs. Little attention is given to short-term and long-range plans for improvement. Various study teams have analyzed specific divisions within the bureau with no coordination of their findings.

Management must take the time to evaluate its present position, establish goals, and define the actions necessary to meet objectives. Priorities need to be set and a system of reporting and controlling the implementation of approved plans should be developed. No savings are claimed.

104. Prohibit the use of dealers' plates on personal and service vehicles.

With the exception of motorcycle and tractor operations, motor vehicle dealers are charged \$50 for the first plate and \$10 for each subsequent one. The average cost is \$16 per plate. These may legally be used on wreckers, service vehicles, and personal cars as well as inventory models. Consequently, a dealer is able to save a great deal of money on vehicle registrations.

In the case of wreckers, the average registration fee is about \$175 so the use of dealers' plates results in a loss of \$159 per vehicle in revenue for the commonwealth. At a conservative estimate of 7,000 wreckers in operation, implementation would provide more than \$1-million in annual income.

Deputy Secretary for Planning

This office is responsible for departmental planning with regard to transportation and its effects on environment, conservation, health, recreation, and social considerations. It is composed of three bureaus. They are Advance Planning, Economic Research and Programming, and Transportation Planning Sta-

tistics. The fiscal 1971 budget amounted to more than \$4.9-million.

The secretary is a person of recognized ability, but hampered by a staff which is inadequate to carry out the programs he considers necessary. Principal problems result from the attitudes of the public. Although adequate planning is technically feasible, implementation is extremely difficult for all modes of transportation.

In the highway area, route selection requires an excessive number of public meetings to obtain a consensus. Also, the department does not have the ability to acquire property well in advance of construction. This causes a great deal of speculation and/or development of land needed for highway purposes. Changes in mass transit systems require an inordinate amount of public discussion before they can be implemented.

RECOMMENDATIONS

105. Analyze the relationship between advance planning and transportation needs studies, the six-year construction program, and the annual transportation construction capital budget.

Four planning/scheduling techniques are used in the initial development of transportation construction projects. However, the manner in which they should interrelate has never been determined and duplications result. By analyzing the techniques and formalizing their relationship to each other, redundancies would be eliminated and more effective control would result. No savings are claimed.

106. Implement contract management techniques to improve the performance and efficiency of outside consultants.

The Department of Transportation makes extensive use of consultants for planning and design studies despite considerable dissatisfaction with the work performed. Problems which arise could be controlled through an improved contract management program. It should include the following:

- ▶ Develop comprehensive work programs with realistic estimates of the time required for a study and use this information when reviewing proposals and negotiating contracts.
- ▶ Limit and, if possible, prohibit changes in the study once the contract is let.
- ▶ Use a fixed price basis in place of cost plus fixed fee contracts whenever feasible. Contract changes could then be accomplished by rene-

gotiation. Fixed price agreements should be used when the work program can be defined and the output specified.

- ▶ Ensure that a detailed monitoring system is developed for projects and adhered to.
- ▶ Evaluate consultants at the completion of a contract and use the results when considering further dealings.
- ▶ Establish procedures and techniques to improve communications between department officials and consultants.

107. Perform as much drafting as possible for planning studies prepared by outside consultants.

Department drafting ensures more uniform, higher quality drawings and results in an average saving of \$2,800 per contract. Since the 11 transit studies which are planned will be performed by consultants, in-house drafting would save an estimated \$30,800.

108. Use internal facilities to print reports on studies performed by outside sources.

The Reports Division has the capability to publish material at a modest cost. By allowing this unit to prepare consultants' reports, as well as those prepared by regional planning commissions, the department would realize an annual saving of \$30,000.

109. Perform data collection for planning studies done by consultants.

Extensive data collection is required for a transportation planning study. When consultants are used, a substantial portion of the fee covers this activity. By using department personnel, an estimated \$21,000 per contract could be saved. Since 11 studies are planned for the near future, the total one-time saving would be \$230,000.

110. Establish procedures to be used in coordinating activities with consultants, technical committees, and policy groups involved in area transportation studies.

Problems arise in preparing final reports for these studies because of the difficulty of coordinating suggestions from consultants and local personnel. A set of procedures should be developed to clarify participants' roles in these activities. This information and a timetable should be distributed to all organizations and persons involved before a study begins.

111. Discontinue operation of the bridge-measuring truck.

The truck was purchased at a cost of \$40,000 to measure bridge clearances. Maintenance has been

high and the truck is inoperable most of the time. Since clearances could be checked by district personnel during slack periods, the truck should be sold.

112. Perform a cost/benefit analysis as part of every corridor study.

At present, corridor studies analyze alternate routes only on the basis of traffic considerations. The engineering district then does a cost/benefit analysis on the recommended route. To ensure an equitable balance between traffic and cost considerations, the analysis should be performed as part of the corridor studies. No savings are claimed.

113. Train personnel in planning techniques for all modes of transportation.

Most of the planning done has been involved solely with highways. Future projects will place greater emphasis on other modes of transportation. To reduce the need for consultants, department personnel should be trained to meet anticipated demands.

114. Do not expand the automatic traffic counting system until its reliability improves and an up-to-date cost/benefit study is made.

The system uses a computer to collect on-line traffic statistics from 67 counters across the commonwealth. At present, it is only 50% reliable, but the department has budgeted \$45,500 for expansion in fiscal 1972. This money should not be expended until considerable improvement has been made in the system and an analysis performed to determine that the benefits warrant the expense.

115. Transfer all programmers in the three planning bureaus to the Bureau of Management Information Systems.

Since this department's bureau is responsible for systems, programming, and computer operations, placing these employees under its jurisdiction will improve productivity, interchange of technical information, and turn-around on programming tests.

116. Use phototypesetting equipment to prepare reports from computer-generated information.

Existing equipment is used to prepare certain planning reports. It is underutilized and could handle additional work through use of magnetic tapes from the department's computers. No savings are claimed.

117. Combine the department's truck weighing program with those conducted by state police and local communities.

By working with state police and local communities, the department should be able to reduce the num-

ber of weighings they are required to perform in gathering statistical data. No specific savings can be claimed at this time.

118. Expedite development of the HYBRID road inventory system.

At present, three or four organizations maintain information on road inventories. Material is disjointed and, in some cases, redundant. The department has recognized this problem and proposed development of an integrated data base road inventory system. Such a program would be extremely useful for budgeting and maintenance expenditure control as well as to provide information needed in federal reports.

119. Ensure that data needed to update the transportation needs study is prepared as part of the airport and urban transit studies to be initiated in the next two years.

Department officials expect the federal government to request an updating of the transportation needs study within two years. Since statewide airport and urban transit studies are already scheduled, the information likely to be requested should be made part of these efforts.

120. Perform a space allocation study in the three planning bureaus.

The size of these bureaus has increased considerably and many employees lack adequate space. The study should be performed and changes made to improve working conditions.

121. Transfer all cartographic draftsmen to the Reports Division of the Bureau of Transportation Planning Statistics.

The Bureau of Personnel recommended this change be made to ensure better utilization of these employees. It would allow the department to substantially increase its drafting capability without additional staff.

122. Establish the usefulness of information requested by the federal government before supplying it.

The department has been requested to supply the government with various reports on a periodic basis. In most cases, the government pays up to 75% of the costs involved. However, some of the reports are of questionable value to the department. The need for such information should be reviewed with the appropriate federal officials and the department should cease preparing reports, if possible, when they are of no value to the commonwealth.

123. Cease corridor location and design studies until the current backlog is eliminated.

Given the present contract award level, existing corridor location studies will not be needed for eight years while design information will not be re-

quired for another three. If work on current studies were halted now, the commonwealth would postpone a \$20-million expenditure for three years. The annual income from investing these funds would total \$1-million.

Pennsylvania Turnpike Commission

The commission is responsible for operating and financing the state's highway system. The Legislature has authorized the issuance of turnpike revenue bonds to pay for highway construction.

CURRENT OPERATING METHODS

Activities involving this limited access highway system are divided into operations and maintenance. Operating functions include toll collection, administration, engineering, service, and support. Activities are separated into five divisions and each unit is responsible for total operations along its assigned segment of the highway system. Approximately 1,150 people are employed in operating activities. Maintenance is divided into two areas, each responsible for half of the system. In addition, 235 state police are assigned to toll road duty and the cost of this patrol service is paid by the Pennsylvania Turnpike Commission.

Gross revenues in fiscal 1971 were \$74.8-million. Expenses totaled \$24.1-million and a reserve maintenance fund expended \$22-million for the same period. Total assets as of May 31, 1971, were \$693-million while bonded indebtedness was approximately \$218-million.

APPRAISAL OF OPERATIONS

The turnpike concept has been supplanted by the interstate system, but the commission has refused to recognize the change and is developing expansion plans which will require continuing bonded indebtedness. The headquarters staff, toll collection group, and maintenance organization are overstaffed and equipment provided is excessive except in extreme emergency situations.

The new union contract will substantially increase operating costs and turnpike efficiency does not compare favorably with adjoining state toll roads or the Department of Transportation activities.

RECOMMENDATIONS

1. Stop further turnpike financing, retire current indebtedness, and establish the roads as toll free by 1975.

If all available funds are used to retire outstanding debt, current bonds could be paid off by late 1974. The Pennsylvania Turnpike Commission could then be dissolved. However, it is most important that no new bonds be issued as this could substantially extend the period required to retire turnpike indebtedness. Implementation will eventually provide an annual saving of \$27.5-million to Pennsylvania highway users and will make the commonwealth eligible for increased federal funds. No savings are claimed.

2. Enforce the statute requiring the Department of Transportation to assume responsibility for turnpike maintenance.

By assuming turnpike maintenance responsibilities, the Department of Transportation would reduce personnel requirements by 20% in the commission's supervisory force and 50% in the area of temporary winter employees. The annual saving would be more than \$1.8-million.

3. Determine if there is a conflict of interest when the turnpike's consulting engineers also perform work on the highway system.

Substantial work has been referred to the engineering firm which serves as official consultant to the Pennsylvania Turnpike Commission. There is a possibility that a conflict of interests exists.

4. Transfer responsibility for ambulance service from the commission to outside companies assisted by the Pennsylvania State Police.

The turnpike is the only toll road which provides 24-hour ambulance service. All others use private firms. Transferring this responsibility to an outside service, with supplementary assistance from state police, will provide an annual saving of \$747,000. The annual cost will be \$20,000.

5. Replace interchange janitors with contract maintenance.

The Bureau of Fare Collection employs 40 full-time janitors to service 38 interchanges. Contracting a maintenance service would provide an annual saving of \$260,000 through elimination of this staff. The annual cost would be \$48,000.

6. Reduce personnel in the Bureau of Fare Collection by centralizing supervision in the headquarters office.

Eliminating district office supervision would replace 35 supervisory personnel with two clerks for an annual saving of \$344,000.

7. Reduce the number of people involved in transmitting toll revenues to the bank.

The commission employs 20 tellers and four bank inspectors to transmit cash from toll booths to the bank. This activity could be handled adequately by six tellers, eliminating the need for 18 employees. The annual saving would be \$138,000.

8. Eliminate 12 vacancies in the central office.

This operation is overstaffed and vacancies should be abolished. The annual saving will be \$109,000.

9. Terminate the agreement for financial services to be rendered to the commission.

The commission entered an agreement with a financial advisor to provide guidance on the creation of a new bond issue. Because of the uncertainty of new financing, the 90-day termination clause should be utilized. The annual saving would be \$24,000.

10. Reduce field audit personnel.

A total of six auditors are employed to check collections at 38 interchanges. Assigning two full-time auditors to work on an individual basis would provide a monthly audit of each interchange and result in an annual saving of \$44,400.

11. Eliminate the position of budget director.

There is not enough work for a full-time budget director. This position should be eliminated and necessary functions transferred to the Comptroller. The annual saving would be \$15,400.

12. Eliminate the Right of Way Unit.

The work load in this unit has dropped by more than 60% during the past two years. One agent should be transferred to the staff of the Chief Engineer and the remainder of the personnel eliminated. The annual saving would be \$45,600.

13. Vacate prime office space now used for files.

Commission files are presently stored in 4,000 square feet of office space. They should be moved to the basement and the area turned over to another agency. The annual saving would be \$12,000.

14. Reduce the purchasing staff.

The present complement is nine. Considering the work load, the staff should be reduced by five persons. The annual saving will total \$42,600.

15. Maintain imprest balances equal to five days' deposits at each depository.

Annual revenues of \$61-million are deposited in five banks and funds transferred to the trustee bank every seven to 15 days. Each bank should be allowed to maintain an imprest balance equal to five days' deposits. Excess amounts in increments of \$10,000 should be wired to the trustee bank daily. The annual income to be realized through implementation is estimated at \$20,200.

16. Open a lock box with the trustee bank and deliver all remittances from credit tolls through the box.

Implementation would result in a reduction in processing time of approximately two days. The additional annual income to be realized would total approximately \$22,500.

SECTION V

Health, Welfare, and Institutions

The Governor's Review of Government Management – 1972



Department of Health

This department is charged with protecting the health of the people of Pennsylvania. It determines and employs the most efficient means for the prevention and suppression of disease.

CURRENT OPERATING METHODS

It is the goal of the department to return the administration of public health to the local communities. Clinical and administrative units are available in each county which does not have its own Department of Health. Regional offices provide advisory and consultation services to municipalities and counties which do have such departments. The headquarters staff consists of the Bureaus of Educational Activities, Administration, Special Health Services, Planning, Evaluation, and Research, Nursing Programs and Resources as well as the Division of Drug Control. Total personnel number 2,200 and operate with an annual budget of \$55-million of which \$41-million are federal funds.

Special grants are budgeted within the department, but it has no control over distribution which is done by legislative direction. Grants amount to about \$800,000 annually, chiefly for research in specialized fields such as cancer.

APPRAISAL OF OPERATIONS

Efficiency is hampered by a number of obstacles. The absence of authority in the line operation blocks program execution at the regional, county, and local levels. Channels of communication are too lengthy and result in an excessive number of steps between planning and implementation. Staff responsibilities are vague and sometimes redundant. A general lack of management evaluation programs is evident while the clerical force is overstaffed. Too much administrative work is done in Harrisburg and the computer facility is underutilized.

RECOMMENDATION

- 1. Institute a work measurement program covering all clerical and secretarial personnel in the Department of Health.**

Initiation of the proposed program will point the way to more efficient staffing practices and better allocation of manpower resources within the various bureaus, divisions, regionals, and other staff organizations. A conservative estimate of the savings to

be realized in terms of clerical and secretarial salaries is 15% of the present level. This would provide an annual saving to the state of \$447,000. Federal savings would be \$111,000 per year. The one-time cost of implementation is estimated at about \$12,000.

Bureau of Field Services

This organization provides the public with mandated services which are not administered centrally in Harrisburg or by city, county, or other departments' health units.

The bureau directs eight regional offices and the State Laboratory. The regional offices implement programs which are technically supervised through the Bureau of Special Health Services and Nursing Programs. Referrals to centralized programs are also made by the regional staff. Some functions require extremely close coordination with the Department of Environmental Resources.

Although the regional organization structure has been completed satisfactorily, equivalent decentralization of functional and administrative authority has not been sufficiently implemented. Problems encountered at the regional level include:

- Overdirection and redundant review and authorization procedures on the part of the Harrisburg personnel. This perpetuates a health delivery system which is slow, ineffective, and costly.
- Restrictions which limit discretionary application of funds by the regions.
- Conflicting or overlapping responsibilities with other departments.
- Slow and restrictive personnel, procurement, and reimbursement transactions at the central level.
- Inappropriate policies and practices which keep the regions oriented to remedial rather than preventive health services.

RECOMMENDATIONS

- 2. Document regional responsibilities and authority and establish budgeting and performance standards.**

To eliminate overdirection and redundant operating procedures on the part of the Harrisburg staff, the

responsibilities and authority of the regional offices should be defined and documented along with their relationship to program and staff office functions. Further, standards of performance for regional operations—exclusive of program services delivery—should be developed and used for personnel and operational appraisals. In addition, regional budgets should be established and each region permitted sufficient autonomy to operate effectively within budget confines. The resulting increase in productivity should result in annual savings of \$616,000 in state and \$924,000 in federal funds through personnel reductions.

3. Change the procurement practices in the regional offices to permit increased flexibility.

Currently, all expenditures require approval from Harrisburg. Delays can be significant. Therefore, a petty cash fund should be established for purchases of less than \$25. In addition, emergency procurement procedures should be authorized for purchases of \$100 which can be committed in advance of headquarters' approval. No savings are claimed, but implementation will result in increased productivity.

4. Eliminate the Office of Deputy Director for Local Health and the Bureau of Field Services headquarters section.

By allowing the regional medical directors to report directly to the First Deputy Secretary of Health, these two unnecessary organizations could be eliminated. The annual state saving would be \$54,000 while the federal saving would be \$159,000.

Bureau of Educational Activities

This bureau provides professional and technical support to the program activities of the Department of Health in the areas of professional education, public health education, and nutrition.

There are three divisions operating with a total budget of \$677,000 for fiscal 1971. The Division of Professional Education develops and implements educational programs for professional and technical employees within the Department of Health to qualify them for advancement. A total of 2,539 public health workers attended programs during 1970. Another 55 employees attended graduate programs at colleges and universities, receiving full tuition, transportation reimbursement for one round trip, and 90% of their current salaries. Specialized courses were attended by 2,237 employees.

The Division of Public Health Education handles education of the public concerning health matters

and problems through a multi-faceted approach. Developing health literature for specific programs, preparing materials for printing, and providing visual aids such as slides, charts, and exhibits are among the services rendered. The fiscal 1971 budget was \$340,000.

The Division of Nutrition provides one nutritionist in each of six regions. These people work directly with dieticians, public health, school, and private hospital nurses.

Two of the three divisions are carrying out their responsibilities although much of their work overlaps with other departments. Professional competency is high, but the employee turnover rate averages 30%, increasing the operational costs.

RECOMMENDATIONS

5. Reduce the number, frequency, and distribution of periodicals, pamphlets, and other services provided by the Division of Public Health Education.

The annual report should be combined with the quarterly publication, *Pennsylvania's Health*. Further study should determine several targets for elimination of at least 50% of the division's 175 pamphlets, booklets, and other printed materials. Too many are out of date, redundant in light of federal and private publications of a similar nature, or of limited value in achieving department goals.

The employee publication, *Health Highlights*, cannot be justified on the basis of employee relations or educational use. Therefore, the content should be upgraded to reflect employee interests and goals. Similar examination of program consultation and media activities to eliminate redundant or ineffective material will result in a staff reduction of 10. Implementation will provide annual savings of approximately \$136,000.

6. Eliminate the position of nutritionist in the six Department of Health regional offices.

Elimination of the nutritionists can be accomplished without reducing the effective dissemination of information to those individuals, agencies, and institutions which require counseling. The present arrangement does not promote selectivity or efficiency in providing this service. The four nutritionists in the headquarters office would be able to prepare educational material for a newsletter and staff a counseling service as required. Implementation of this suggestion would provide estimated savings of \$74,800 per year.

7. Reduce the number of full-time students supported by the Division of Professional Education.

Paid training leaves, tuition, and fees are provided by this division to approximately 50 Department of Health employees seeking degrees in related career fields. More selectivity should be exercised in carrying out this program and the number of students granted leaves and funds each year should be reduced to three: one in public health studies, one in social work, and one in public health nursing. In addition, more use should be made of the short-term training programs provided by the division. Implementation will provide an annual saving of \$40,000.

8. Reduce and transfer the library and film library functions of the Division of Public Health Education.

Both of these activities are inefficient and should be streamlined and transferred to the State Library for better control. It is estimated that the film library's catalog should be reduced by as much as 75%. At present, the library does little more than place books on permanent loan to employees of the Departments of Health and Public Welfare. Savings are claimed in the State Library report.

Bureau of Administration

This bureau coordinates, supervises, and provides leadership for special services administered through its divisions. It is responsible for the efficient use of the department's resources of money and manpower. The bureau includes the Divisions of Business Management, Personnel, Vital Statistics, and Data Processing.

Business Management activities include budget construction and monitoring, improvement of department methods, automotive management, provision of duplication services, and determining bureau activities. The Division of Vital Statistics collects, registers, preserves, and indexes birth, death, and fetal death records and files certifications of adoption and adoption annulments. The Division of Personnel reviews and recommends action to the agency chief in regard to matters of personnel administration. The Division of Data Processing generates 65 reports for the Department of Health, using more than 170 programs. It also provides report service to the Department of Environmental Resources.

Although relatively effective in achieving assigned goals, the bureau uses methods which are not as efficient as they might be. These include the use of clerical staff when EDP techniques could do a better,

more economical job and establishment of in-house data processing facilities which duplicate existing capability in other facilities.

RECOMMENDATIONS

9. Establish a separate post office box for the Division of Vital Statistics.

Currently, all department mail comes to one box and must be sorted. Since the Division of Vital Statistics receives at least 2,500 pieces of mail daily, a separate box would facilitate department delivery and eliminate the need for one clerk. The total savings is estimated at \$10,000 per year.

10. Eliminate the Division of Data Processing.

Using industrial/commercial standards, this facility is only 33% utilized on the basis of an eight-hour day. Operations are of a routine statistical nature and could easily be absorbed into the excess capacity of another state-owned EDP facility such as the one maintained by the Department of Education. The annual saving would be \$648,000. The cost of providing an interface with this facility would not exceed \$239,000 annually including salaries for two programmers and an analyst.

11. Refile old records in a manner consistent with the current procedure.

During the period 1906-1911, birth and death certificates were filed under as many as five different methods. Record searches are thus time-consuming and costly. The cost of refileing these records is estimated at \$25,000. However, annual savings are estimated at \$100,000, assuming the elimination of a one-in-ten problem ratio.

Bureau of Special Health Services

The bureau is responsible for planning aspects of public health programs including research to define objectives, policies, and functions. It carries out its functions through the Communicable Diseases, Alcohol Rehabilitation, Dental Health, Chronic Diseases, Maternal and Child Health, Chronic Respiratory Diseases, and Physical Therapy Divisions. The fiscal 1971 budget was \$6.3-million. The 1972 budget is \$8.7-million including \$2-million for a program of renal analysis to study the use of artificial kidneys.

The bureau is staffed by capable, well-qualified personnel. However, execution still remains in the central office for the most part instead of being delegated to the field operation. There are 2.5 clerks to each technical person in three of the bureau's divisions.

RECOMMENDATION

12. Reduce clerical staff in the central office to a ratio of one clerk to each two technical people.

The ratio of clerical personnel to technical employees in the central office of the Communicable Diseases, Maternal and Child Health, and Chronic Respiratory Diseases Divisions is 2.5 clerks to one technical employee.

By delegating responsibility for program execution to the appropriate field activity, the central clerical staff can be reduced. Savings to be obtained have been claimed elsewhere.

Bureau of Planning, Evaluation, and Research

The bureau is responsible for internal planning, conduct and support of public health research, program evaluation, and studies of behavior as they affect provision of health services. Resources are committed to development of a planning, programming, and budgeting system.

The bureau carries out its functions through three divisions: Planning, Behavior Sciences, and Research and Biostatistics. The fiscal 1971 operating expenditure totaled \$305,100. The 1972 budget is authorized at \$316,700. Federal grants for medical services for migrants and consumer product injury studies were \$209,900 in 1971. For 1972, funds are expected to amount to \$297,900.

Although this is a well-managed, efficient organization, the bureau is not fulfilling a basic department need for short-term and long-range health program planning.

RECOMMENDATION

13. Institute short-term and long-range planning techniques to increase the effectiveness of health program implementation.

A committee should be established to be responsible for overall department planning. It should meet frequently to set objectives, review progress, discuss implementation methods, and evaluate progress toward carrying out goals established by the Secretary of Health.

Under the committee's guidance, the Bureau of Planning, Evaluation, and Research should develop short-term and long-range plans to meet department objectives through its health programs. Plans should include guidelines for measuring progress as well as timetables. No savings are claimed.

Bureau of Nursing Programs and Resources

This bureau promotes the establishment or extension of home health services and supports improvement of those already established. It is also responsible for coordinating nursing activities in the field.

The major goal of the bureau is to coordinate family and patient care in the community through integrated health nursing programs. Services were provided to the public during the past year in 62 counties by 323 nurses. A total of 196,352 home visits were made. The bureau has assumed supervisory responsibility for the nurses rendering these services.

Staffed with 13 employees, the agency has a budget of \$165,500 of which \$24,800 is federal funds for the administration of the health agency certification program. The program covers 116 home health agencies in Pennsylvania.

The bureau discharges its responsibilities effectively. Personnel communicate well with regional counterparts and extend consultation services in a proper manner. However, supervision of field nurses by the bureau rather than by regional administrative staffs creates problems with regard to allocation, utilization, and coordination of nursing personnel.

RECOMMENDATION

14. Transfer administrative and supervisory responsibility for field nurses to the Bureau of Field Services.

Present lines of authority with regard to the field nurses are divided between the Bureaus of Nursing Programs and Resources and Field Services. Placing total responsibility within the regional office of the Bureau of Field Services should increase the efficiency of the nursing staff. No savings are claimed.

Division of Drug Control

Division responsibilities include investigation of illicit drug traffic, inspection and registration of manufacturers, wholesalers, and pharmacies, as well as control of hospitals, nursing homes, physicians, and retailers to ensure that drugs are dispensed for legitimate medical purposes.

The division consists of Special Services and Plant Inspection, Drug Distribution and Narcotic Control, and Registration. The Harrisburg office employs 18 people. There are six regional offices with a total complement of 34 and the annual budget is \$687,000. The regional offices specialize in investigations,

prosecution, commitment of addicts, and education of the public regarding drug abuse.

In the area of assuring that manufacturers, wholesalers, retailers, and other legal drug dispensers comply with state laws and regulations, only superficial coverage is possible with present manpower levels. The two weakest areas are education and rehabilitation.

RECOMMENDATIONS

15. Lower the minimum employment age for drug investigators.

The nature of the undercover work done by these agents makes it necessary to employ people in the age groups most frequently subjected to drug traffic. The minimum age is now 21. This should be 18.

16. Revise license fees for drug and narcotics manufacturers, wholesalers, and retailers and enforce licensing of retailers.

The present fee schedule has not been changed since 1961 and should be systematically revised to a realistic level to offset administration costs. In addition, less than 10% of the retailers now comply with the requirement to secure a license. Implementation will provide additional annual income of almost \$1.5-million.

17. Eliminate the state reports on clinical drug studies.

The governing statutes should be amended to eliminate the state reports since these merely duplicate information provided to the federal government. The annual saving is estimated at \$67,000.

Department of Public Welfare

The intent of this department is to promote the welfare of the people in the commonwealth by providing public assistance to the needy and distressed in a manner designed to encourage self-respect, self-dependency, and the desire to be a useful citizen.

CURRENT OPERATING METHODS

The department has the following powers and duties:

- ▶ Acts as the sole agent of the commonwealth when applying for, receiving, and using federal funds for the financing of welfare and related programs.
- ▶ Develops and submits state plans to the federal government to qualify for federal assistance grants.
- ▶ Inventories facilities and services, assesses the requirement for changes, and determines project priorities.
- ▶ Approves plans and mortgages for all state-owned or operated institutions.
- ▶ Assists in the establishment of local social welfare planning bodies.
- ▶ Provides consultation to local officials and volunteer organizations.
- ▶ Disburses state and federal funds to qualified programs.

- ▶ Purchases and provides necessary services for eligible individuals.
- ▶ Provides payment to suppliers of care and treatment to the indigent, sick, injured or crippled when appropriate.
- ▶ Conducts training programs to individuals to assure the department of qualified personnel.

APPRAISAL OF OPERATIONS

This department has serious operational problems. The first is the lack of communication between Harrisburg, regional operations, and local agencies. The second critical area is a breakdown of the major assistance programs — cash, medical, and food — in some large urban areas. The lack of planning in the department is the third problem. This includes an absence of program evaluation both before undertaking them and while they are in operation.

RECOMMENDATIONS

1. Require an economic evaluation of new federal health and welfare grants to determine the annual cost of participation.

Too often, federal programs are undertaken without sufficient study of the economic effect on state funds. This is particularly true of “seed money” grants which get a program started and then require the state to take over the funding. No savings can be determined at this time.

- 2. Provide integrated planning to develop uniform policies, procedures, and systems to facilitate the delivery of income maintenance, medical assistance, and other social services.**

Integrated planning permits independent design of modules which can stand alone or be pulled together to form larger systems. Such a program would allow for evolutionary development towards a desired goal using coordinated systems. It is essential that systems planning, design, and development be carried out by experts. The use of consulting firms may be more satisfactory and economical than hiring individuals with the required experience.

- 3. Investigate locally developed computer systems for general applications.**

Several local systems show potential for wider applications. A procedure to bring such developments to the attention of the central office should be implemented promptly.

- 4. Clarify policies and procedures.**

At present, policies and procedures are not clearly defined. Clarification is needed so they can be properly implemented.

- 5. Transfer a reduced staff of the Office of Planning and Research to the proposed Deputy for Social and Medical Programs and elevate the Division of Quality Control to bureau level under the Office of Income Maintenance.**

Elevating this division to bureau status would eliminate 64 positions in the Office of Planning and Research. Dropping the evaluation and planning coordination functions as recommended elsewhere would reduce staff needs by another 10 positions. Annual savings of \$98,800 would be provided.

- 6. Designate 5% of new program appropriations for use in an evaluation of the activity after six months of operation.**

At present, very few programs are discontinued even though they are not considered effective. By providing for an evaluation of each new program, those which are not worth continuing would be dropped. Costs should be offset by anticipated savings.

- 7. Establish a planning coordination function.**

Under the present organization, there is no activity which lends itself to coordinating programs to eliminate duplications. An Office of Planning Coordination should be established under the direction of an individual with experience in directing multi-oriented planning activities. He would report to the Secretary of Public Welfare.

Deputy Secretary for Management

This office is concerned with the administrative and business activities of the Department of Public Welfare. It performs services through the Offices of Data Processing, Financial Management, Personnel Management, Human Service Compliance, and Administrative Service. In total, the organization employs approximately 1,200 people and has an operating budget of \$8.5-million.

The present structure of this agency is too functional, prohibiting required flexibility and resulting in duplications of responsibility. Manpower utilization is inefficient and communications between the various offices and the county boards and regional offices are ineffective.

RECOMMENDATIONS

- 8. Consolidate the functions of the Office of Resource Management into the Office of the Deputy Secretary for Management.**

Since the functions of these offices duplicate one another, the two should be merged into a single more efficient unit. Savings are claimed elsewhere.

- 9. Open lines of communication between this office and the County Boards of Assistance.**

There is a great deal of misunderstanding and delayed action between these two groups because of poor communications. Headquarters personnel need to go into the field to understand the problems firsthand. Field people should be educated in the information requirements of the central office. Although no savings are claimed, better communications will result in a smoother, more efficient operation.

- 10. Redefine job titles and descriptions for classifications which exist only in the Department of Public Welfare.**

At present, extremely limited classifications interfere with reasonable hiring practices and effective personnel development activities. Also, when employees who have different titles perform essentially the same tasks, a morale problem usually ensues. Classifications could be divided into three basic groups: employees dealing directly with clients, supervisory personnel, and program development staff. No savings are claimed.

Office of Family Services

This office plans, regulates, interprets, and evaluates the Department of Public Welfare's program of family social services, including income maintenance. It

also administers federal/state plans to provide services and assesses the need for program changes.

The Office of Family Services employs 108 persons and operates with a total budget of \$3.04-million. It performs its functions through seven bureaus. The Bureau of Special Services plans, supervises, evaluates, and administers programs of police services to youth, prevention of delinquency projects, and special training and employment services. The Bureau of Family and Child Welfare provides programs to dependent and neglected children including services to prevent unwed parenthood, promote adoption, and strengthen family life. The Bureau of Visually and Physically Handicapped is responsible for programs to prevent and remedy blindness, prepare visually handicapped persons for employment, and educate the public in sight-saving techniques.

The Bureau of Staff Development supervises the administration of the professional education program and prepares training guides for headquarters, regional, and county office employees. The Bureau of Community Consultation plans and evaluates programs for aging persons while the Bureau of Children's Institutions supervises state-operated facilities for delinquents and provides guidelines for state and private facilities for dependent children. The Bureau of Assistance, Policies, and Standards develops eligibility regulations, assistance standards, and program procedures and changes.

There are too many functions within the various bureaus with the result that efficiency suffers through duplications. Planned bureau expansions are not justified and training in advanced graduate work has been extended far beyond the original goals. There is a definite need to simplify welfare policies.

RECOMMENDATIONS

11. Combine the Bureaus of Special Services, Family and Child Welfare, and Children's Institutions into a Bureau of Children's Services.

These bureaus all deal with services for children and their existence as separate units has caused unnecessary staff and duplications. Combining them would provide an annual saving of \$42,700.

12. Change the name of the Bureau of Visually and Physically Handicapped to the Bureau of Visually Handicapped.

This bureau does not have any programs or responsibilities relating to the physically handicapped. The name change will portray its functions.

13. Terminate the professional education program administered by the office's Bureau of Staff Development.

Training leaves, tuition, and fee grants are currently provided to 283 employees attending colleges and universities. The return to the commonwealth from this program is minimal and elimination would provide an annual saving of more than \$1.1-million in both state and federal funds.

14. Eliminate the Bureau of Staff Development and transfer its training functions to the Office of Personnel Management.

By terminating the professional education program as recommended elsewhere, the functions of this bureau will be drastically reduced. Remaining responsibilities could be handled by the Office of Personnel Management and eliminating the bureau would provide an annual saving of \$29,500.

15. Develop department guidelines for reasonable expense allowances within the work incentive formula.

The federal work incentive formula for welfare recipients has proven to be inequitable and a subject for public criticism. Guidelines in the area of reasonable expense as interpreted by the Department of Public Welfare are excessively liberal, making it difficult to remove people from relief rolls. Establishment of a \$50 maximum would be more realistic and would make the program more acceptable to taxpayers. Implementation would provide annual savings of almost \$5.6-million of which \$3.1-million would be federal and \$2.5-million state funds.

Office of Medical Services and Facilities

This office develops, maintains, and improves standards of patient care in all general and special hospitals, nursing homes, extended care facilities, and restoration centers.

It is comprised of four bureaus and has an operating budget of almost \$1.5-million for fiscal 1972 of which \$775,600 is federal money. The Bureau of Medical Care Facilities provides consultation in the areas of licensing and approval of facilities, medicare, medical assistance, and civil rights compliance. The Bureau of Medical Assistance administers the federal/state/county program which strives to provide quality medical care for needy persons. The Bureau of Medical Facilities Planning is responsible for the federal Hill-Burton program for construction and modernization of hospitals and medical

facilities. The Bureau of State-Owned Institutions provides policies and planning for the 10 state-owned general hospitals.

The Bureaus of Medical Care Facilities and Medical Facilities Planning are doing efficient, well-defined work. However, the Bureau of Medical Assistance has such a large vendor invoice work load that its efforts are inefficient and costly. The Bureau of State-Owned Institutions is embarked on a phasing out program.

RECOMMENDATION

16. Require licensing of all hospitals and nursing homes and establish an equitable fee schedule.

Regulations require inspection of all hospital and nursing homes by the commonwealth. By licensing such facilities, fees could be established to underwrite the cost of inspection activities. An annual charge of \$3.50 per bed with a \$125 minimum would generate an annual income of \$402,000 which is equal to the estimated cost of administration and inspection.

Deputy Secretary for Mental Health and Mental Retardation

This department is responsible for the guidance, administration, and operation of various state institutions. These include 19 hospitals for the mentally ill, 10 schools and hospitals for the mentally retarded, two geriatric centers, 10 general hospitals, nine youth development centers, and four diagnostic and evaluation units. The department's prime objective is to reduce the number of resident patients in the hospitals and to shorten patient stays.

The Office of Mental Retardation provides services for 11,000 mentally retarded children and adults and cooperates with other agencies and groups in programs for the retarded. The Office of Resource Management is responsible for planning, evaluation, licensing, fiscal, and other services to the various institutions and department units. The Office of Mental Health supplies administration and direction necessary to regulate admissions and commitments of more than 23,000 patients to hospitals and specialized institutions. The operation of these three offices appears consistent with professional competency. However, the Office of Resource Management duplicates capabilities which are already available in the offices supervised by the Deputy Secretary for Management.

RECOMMENDATIONS

17. Abolish the vacant position in the Office of Resource Management.

Eliminating this vacancy will provide an annual saving of \$5,600.

18. Relocate certain administrative positions in the Office of Resource Management to the staff of the Deputy Secretary for Mental Health and Mental Retardation.

This function can be more effectively performed within the deputy secretary's staff. No savings are claimed.

19. Eliminate the Division of Standards and Licensing and relocate the Institutional Standards representative.

The four headquarters positions are not needed since the work is performed at the regional level. The representative should be moved to the deputy secretary's staff. Annual savings will be \$47,100.

20. Eliminate the Divisions of Administrative Facilities and Fiscal Management.

These functions duplicate those performed by the Deputy Secretary for Management and should be eliminated. The annual saving will be \$126,000.

21. Eliminate the remaining staff in the Office of Resource Management.

Implementation will provide an annual saving of \$57,300 and eliminate existing duplications of effort.

Deputy Secretary for Field Operations

The regional offices under the deputy secretary are responsible for the delivery to welfare clients of those services prescribed by state and federal legislation. These consist of cash grants, medical assistance, drug and medicine reimbursements, and a variety of consultation programs. The regions also have staff organizations which provide guidance to County Boards of Assistance. Of major importance to the regional concept is the hope that increasingly successful relationships will develop between communities and regional staffs.

While potential for more successful relations is great, decentralization has not brought decision making closer to the communities. Regional offices appear to be just another layer of bureaucracy and their continued existence should be examined. As presently constituted, the offices are duplicating many central and county services. County units

should be strengthened since they administer the actual services and disbursements.

RECOMMENDATIONS

22. Change County Boards of Assistance to advisory rather than administrative units.

It is imperative that the lines of command between the department's central management and the county offices be simplified. Personnel activities should be vested in the department rather than in appointed boards and administrative duties need to be defined and implemented promptly.

23. Establish uniform standards and procedures for county offices in regard to the administration and disbursement of public assistance grants.

New employees find it impossible to cope with the voluminous and often contradictory requirements to certify an applicant for public assistance. A task force should be formed to establish uniform standards and procedures.

24. Establish a formal system for evaluating county office performance.

This program should be instituted by the regional offices and results reported to central management to provide them with information and stimulate appropriate action.

25. Standardize the steps for reporting and verifying lost or stolen checks.

Recent studies have revealed instances of fraud and a system is needed to verify claims of lost or stolen checks. The program should be instituted by the regional offices.

26. Eliminate duplications which now exist in regional office organizations.

Duties performed by specialists in these units often duplicate those of headquarters and county office personnel. A study should be undertaken to determine the appropriate staffing levels for the regional operations. No savings are claimed.

27. Abolish the Office of the Deputy Secretary of Field Operations.

Regional directors should report directly to the Executive Deputy Secretary of Operations. Implementation will provide an annual saving of \$109,000 through staff reductions.

28. Eliminate the building construction engineers employed by five of the regions.

These employees render assistance to institutions on construction or maintenance projects with costs of

less than \$12,000. Since their only function is that of a middleman between the institutions and headquarters' bureaus, they should be eliminated. The annual saving would be \$95,300.

29. Eliminate the regional field auditors.

These employees visit state-owned institutions to review books, budgets, purchases, and so on. Their work duplicates that done by the Auditor General. The positions should be abolished for an annual saving of \$96,500.

30. Require administrators of mental institutions, state schools, and restoration centers to report to the Deputy Secretary for Mental Health and Mental Retardation.

The practice of having these administrators report to regional directors has been unsuccessful and should be changed. The proposed reorganization will streamline department functions and more clearly define areas of responsibility.

31. Establish a Bureau of Inspection and Licensing under the Office of Mental Health.

This bureau would have a minimal complement trained to give counsel to the employees who perform inspection and licensing functions. County level staff would handle the inspection and licensing duties.

32. Conduct an attitude survey in the regional offices.

A questionnaire survey should be conducted to determine causes of low morale. Once the problems are defined, corrective action should be implemented as early as possible.

33. Combine six regions into four.

Region four should be combined with three and Region five with six. Offices for the new operations would be Philadelphia, Scranton, Camp Hill, and Pittsburgh. The annual saving is estimated at about \$11,900.

34. Arrange for smaller quarters to house reduced staffs in two regions.

Suitable quarters for the reduced staffs in Scranton and Camp Hill should be found. The annual saving is estimated at \$23,000.

35. Reduce the number of job titles in the regional office organization.

At present, 50 titles are used to cover a total of 239 employees. Since so many of the functions are identical, the titles should be reduced to a more manageable level.

36. Transfer licensing and approval activities performed by regional personnel to the Department of Health.

Licensing and approving private and nonprofit hospitals, nursing homes, nurseries, maternity homes, and the like are currently functions of regional personnel. Since this is a specialized medical care activity, it should be performed by the Department of Health. Further, teams should be sent to make the certifications rather than a single person.

37. Reduce the staffs at Philadelphia and Pittsburgh and make space available to other departments.

The regional offices can be operated with a total of 70 people. This would include 20 each for the Philadelphia and Pittsburgh offices and 15 each for the Scranton and Camp Hill operations. The regional director would coordinate activities of all professional employees under his jurisdiction. These people would serve as consultants and advisors to county offices. Problems beyond their experience would be referred to headquarters. A total of 81 positions can be abolished to provide annual savings of \$324,000 in state and \$324,000 in federal funds.

38. Provide effective training for all categories of personnel with generalist programs for administrative staff.

Personnel at all levels display a lack of basic knowledge which should be remedied. Intensive training should be provided so that the goals and essential procedures of the welfare system are understood. The one-time preparation cost is estimated at \$18,600. The increased efficiency should offset the training cost.

39. Screen public assistance applicants promptly for employability.

Some counties provide employment counseling as soon as a potentially employable client applies for assistance. This should be made a statewide policy.

40. Delegate authority to the lowest practical level in the organization.

Policies should be standardized across the commonwealth, but county offices should determine local needs and provide plans to meet them. These should be reviewed by the regions and in Harrisburg. Once approved, the county units should be free to implement the plans within their budget limits.

41. Evaluate the concept of separation of services.

Separation of services was tested in four counties and expanded to 42. Assistance technicians were

established to assist in determining eligibility. The program has resulted in duplications of functions and a lack of confidence between the technicians and the case workers. The concept should be examined again and possibly terminated.

Mental Health and Mental Retardation Institutions

Six regional offices administer and operate 19 state hospitals for the mentally ill, 10 state schools and hospitals for the retarded, nine youth development centers, four diagnostic and evaluation centers, and 10 general hospitals. The primary objective is to reduce the number of resident patients.

All matters relating to the state institutions including staffing, patient programs, accountability, facility and equipment justification, and budget and fiscal decisions are the responsibility of the regional directors. The mental health program is directed toward development of community residences to replace institutions. The current institutional program requires \$400-million annually, administered through an employee staff of 30,700 persons. Approximately 75% of each institution's budget is for salaries.

Facilities in Pennsylvania for the mentally ill and retarded suffer from a lack of short-term and long-range planning. This is caused by poor communications, an absence of central office and regional coordination, obsolete programs, delays in processing requests, and decreased patient populations. Effective planning to match needs with existing facilities is imperative.

RECOMMENDATIONS

42. Establish a moratorium on capital outlays for institutional buildings, equipment, and major repairs to present facilities.

The absence of effective goals and long-range programs for institutional utilization has resulted in exceptionally low use of facilities. Despite this, management is proceeding with plans to enlarge existing buildings, construct new ones, and perform major renovations. If allowed to continue, such activities will result in even higher levels of underutilization.

A recent study showed that state institutions already have more than 800 unused hospital beds. It is imperative that the commonwealth begin planning for use of these beds or sale of the institutions. Under no circumstances should the Department of Public Welfare be allowed to continue building facilities for which it has no use. Use of the buildings for other

programs and abandonment of projected construction should result in a one-time saving of at least \$21-million. Invested at 5%, this amount could produce \$1.05-million in annual income.

43. Forbid further construction, additions, and extensive improvements to homes and apartments located on hospital grounds.

It has become the practice for hospital superintendents to use maintenance crews to perform various types of construction work on state-owned residences. The Bureau of Construction and Maintenance has established that most of this work is unnecessary. Implementation would provide an average saving of \$25,000 per institution for a total annual saving of \$850,000.

44. Establish proper staffing patterns, effective cost controls, and long-range objectives to reduce costs and provide a proper level of patient service.

Present ratios of patient help to technical people are considerably out of balance. Studies should be undertaken to establish efficient staffing patterns and manpower utilization, effective cost controls, long-range objectives, and immediate plans to reduce costs and provide a satisfactory level of service to patients. A 10% reduction in current personnel should be possible. The annual state saving would be \$9.8-million while the federal saving would total \$4-million.

45. Phase out farming at MH/MR institutions and study alternate uses of the available land.

These farm operations are not accomplishing any worthwhile objectives and should be eliminated. The land, which has a current market value in excess of \$50-million, should be put to other use or sold.

46. Investigate the need for research personnel at MH/MR institutions.

Research done at these institutions duplicates work performed by federal agencies and schools of higher education. It is probable that this activity should be eliminated.

47. Transfer patients from three buildings at the Harrisburg State Hospital to the other 11 and rent the surplus facilities.

The populations of the "E," Hilltop, and Hillcrest Buildings could be accommodated in vacant beds in the hospital's other facilities. Transferring them and renting the vacated buildings would provide an annual income of \$513,000 and an annual saving to the state of almost \$1.2-million. The annual federal saving would be \$494,000.

48. Close the Dixmont, Emeryville, Retreat, and Somerset Hospitals.

A study of the utilization patterns at these facilities indicates they could be closed and patient populations transferred to other institutions. The annual saving would be \$13-million for the commonwealth and \$6-million for the federal government. The annual cost would be \$2.4-million for the commonwealth and \$1-million for the federal government.

49. Develop a utilization plan which will improve hospital occupancy levels.

Development of such a plan would provide more effective utilization of facilities and reduce expenditures. Implementation would provide an estimated annual saving of over \$7-million to the commonwealth and \$3-million to the federal government.

50. Determine the value of work therapy for patients of various categories in order to develop a uniform policy regarding patient labor.

A scientific study should be conducted to determine the potential of work therapy in patient treatment and a uniform policy established based on the results.

General Hospitals

The original purpose of the general hospitals was to provide free treatment for persons injured in coal mines. At present, Pennsylvania owns 10 medical and surgical facilities with a total bed capacity of 1,356. These hospitals provide resident and out-patient care to the people in 19 counties. The Legislature makes lump-sum appropriations to the Department of Public Welfare for the facilities. The fiscal 1971 expenditure totaled \$23.5-million of which \$3.5-million was state funds.

For the past 40 years, every study made on the state government has recommended that Pennsylvania cease operating general hospitals. Although the facilities operate at a deficit, political patronage, which dispenses about 45% of the hospital jobs, has been the greatest barrier to ridding Pennsylvania of the operation of these institutions.

RECOMMENDATIONS

51. Halt capital investment and improvement programs involving general hospitals and dispose of them by lease or sale.

Phasing out the general hospitals has been suggested by several previous studies and should be implemented immediately. The steps to be taken include:

- A firm commitment to divest the commonwealth of these facilities must be made.

- Capital investment programs currently underway or planned should be stopped.
- Immediate steps should be taken to close the hospitals at Shamokin, Nanticoke, Philipsburg, Ashland, Coaldale, Connellsville, Hazelton, and Scranton.

Efforts should be made to sell or lease these facilities to private interests. The estimated annual saving is more than \$2-million while a one-time saving of \$11.5-million will result from halting the capital improvement programs.

52. Reduce the staff of the Deputy Secretary for Management by 50 people.

By transferring the operation of the general hospitals to private interests, central office duties will be reduced to the point that 50 people on the staff can be eliminated. The annual saving is estimated at \$550,000.

Other Institutions

The Bureau of Children's Institutions administers six Youth Development Centers, three Youth Forestry Camps, and a Day Treatment Center. It provides services to state-aided and private training schools, juvenile detention homes, and institutions for dependent-neglected children. The bureau also administers placement of children in facilities and oversees all agency operations which deal with regulations and program evaluations for youth.

Program goals are to rehabilitate, educate, treat, and train these children to function as responsible individuals. The development centers and forestry camps spent \$12.4-million in fiscal 1971 and expect an outlay of \$13.25-million for fiscal 1972.

The general performance of these operations is considered excellent. Working with limited staff and facilities, this effort to retrieve delinquent children has shown heartening results. However, the credits earned for junior and high school degrees are not acceptable to the Department of Education.

RECOMMENDATIONS

53. Provide a new bus for the Raccoon Creek Forestry Camp #1.

The bus for this facility has been declared inoperable and should be replaced. A new bus should be purchased or surplus equipment transferred from another institution to allow the boys to attend church, community affairs, and other events. The one-time cost is estimated at \$12,000.

54. Transfer the radio station at Wernersville to a Youth Development Center.

This equipment is no longer in operation and could be used for recreation and training. It should be transferred to either the Cornwell Heights or New Castle facility.

Public Assistance

This program provides financial aid, medical care, and social services to citizens who cannot provide a decent and healthful standard of living for themselves. It is administered by 67 County Boards of Assistance which are responsible for employment of personnel, determining eligibility, and authorizing assistance in accordance with department and federal policies. Operations are decentralized through six regions with central offices to provide planning, program development, and standard setting support.

Cash assistance programs serve approximately 831,000 recipients at a monthly cost of \$61-million. Programs include Old Age Assistance, Aid to Dependent Children, Aid to Disabled, Federal-State Blind Pension, State Blind Pension, and General Assistance. Total funding is in excess of \$716.4-million annually. Medical assistance is rendered to more than 1-million persons at a cost of \$32.5-million per month.

The system of eligibility determination for cash assistance is too complex, time-consuming, and costly. Policies need to be updated, changes have been made in an ill-conceived reaction to social and political pressures, and there is a complete lack of uniform, clearly defined procedures. At present, interpretations of policies and procedures vary from county to county and from caseworker to caseworker. The result is a disintegrating, unworkable system.

Medical assistance programs suffer from the same problems. Costs are excessive and existing systems can do nothing to improve the situation. Utilization reviews, a technique which can cut Medicaid bills by 10% to 35%, are totally beyond the capacity of Pennsylvania's invoice processing system. Hospital admission procedures are inadequate and a recent study of some 10,000 cases showed that 49% either should not have been admitted or stayed an average of six days too long.

It is difficult to appraise the administrative system that connects recipients to the County Boards of Assistance and the Department of Public Welfare. There appears to be almost nothing worth saving.

Breakdowns in the administrative and communications systems are constant while demands aimed at controlling expenditures only result in unnecessary complexity and incompatible requirements.

RECOMMENDATIONS

55. Institute a pre- and post-admission review process for in-patient hospital recipients of medical assistance to reduce unnecessary admissions or stays.

In-patient hospital care is the most expensive component of any medical assistance program. Although post-discharge reviews are helpful in reducing expenses, a more effective method is to study cases before admission and during the hospital stay to eliminate unnecessary costs.

There is such a program already in operation in two states which has achieved significant savings by reducing admissions and long hospital stays by 20%. Since Pennsylvania's current and anticipated in-patient costs are accelerating at a rate greater than the national average — from \$172-million in fiscal 1971 to \$1.2-billion in fiscal 1977 — a similar reduction for the commonwealth assumes great significance. In addition, the average hospital stay in Pennsylvania is 10.5 days compared with a range of 5.9 to 8.4 for other states. A recent study of 10,000 cases showed that 49% represented unnecessary admissions or lengthy stays.

Implementing a review program would require a one-time consultant cost of about \$50,000 and annual operating expenditures of approximately \$200,000. The annual saving to the commonwealth is estimated at \$105-million while federal savings total \$82.5-million.

56. Contract for automated claims processing and utilization reviews of medical assistance vendor claims.

Payments for approximately nine million claims annually are processed manually by the Bureau of Finance. This system results in three- to six-month backlogs, undetected duplicate payments, overpayments, and operating costs which are higher than the automated systems used in other states.

An estimated 10% could be saved merely by instituting administrative controls to detect duplicate payments and overpayments. A further 10% could be saved on drug claims by providing a machine-supported utilization review based on accurate vendor and patient profiles. Contracting for automated claims processing and utilization reviews of

vendor claims will provide an annual saving of at least \$15.4-million. The annual operating cost is estimated at \$3.8-million.

57. Automate the index files of public assistance recipients for Region one.

The County Boards of Assistance must maintain extensive files on recipients of public assistance. At present, those in Region one are not up to date and the operation has become extremely inefficient. The one-time cost of automating this information would be \$430,000 in state funds and \$447,000 in federal money. The annual saving through personnel eliminations and reduction of fraud would total \$999,000 for Pennsylvania and \$946,000 for the federal government. If the cost can be justified by potential savings, this proposed automation should be extended to other regions.

58. Design a computer system to determine eligibility, calculate grant amounts, and prepare data for other EDP systems.

This project should seek to provide computer applications which will determine eligibility for cash and medical assistance as well as food stamps, separately and together. Current methods of determining eligibility, calculating grants, and preparing information for other systems are costly and inadequate. Implementation will require a one-time expenditure of \$1.5-million. The annual saving is estimated at more than \$2.98-million for the commonwealth and \$3.1-million in federal funds.

59. Provide County Boards of Assistance with adequate space, necessary office equipment, and competent personnel.

Most of the county boards lack needed office space and suitable equipment. The personnel problem appears to be a question of competence, suitability, and distribution of the work force rather than inadequate numbers. Administrative costs have risen alarmingly and steps should be taken to increase the efficiency of these operations.

60. Initiate a study to convert public assistance cash grants to a flat rate system based on equivalent gross income.

Cash assistance is based on an evaluation of the client's needs and the degree to which he lacks resources to meet them. Tables are used which indicate specific maximums for various categories such as food, clothing, shelter, utilities, and so on. After the dollar value of the total grant is established, the actual cash to be paid is determined by deducting an adjusted income figure.

The paperwork involved in such eligibility determination is extremely complex. In addition, each case must be revalidated every three months or more if a single factor in the calculation changes.

At present, some 7,400 state employees spend an estimated 70% of their time on this activity and still the majority of grants are either overpaid or underpaid. An additional 1,500 persons have been authorized to supplement this work force. A flat grant system would provide an easy-to-understand, workable approach to cash assistance. Potential savings from implementation are estimated at more than 50% of current administrative costs. No savings are claimed at this time.

61. Verify eligibility thoroughly and as often as mandated.

Deficiencies in redeterminations of eligibility in Philadelphia run as high as 74%. More competent, frequent, and thorough eligibility checks could re-

duce the current caseloads in General Assistance and Aid to Dependent Children by 15% to 30%. The estimated annual saving possible through implementation would total more than \$9-million.

62. Develop a payment system which will be responsive to the needs of clients, counties, the Treasury Department, and the Auditor General.

The proposed system would be supported by on-line computers. Information regarding clients, county disbursements, and returns would be entered into the program at the county level. The Treasury Department would be responsible for delivery of checks, but modular applications would allow for options and changes. Information regarding returned checks would be entered into the system by the Treasury Department. Both it and the counties would receive copies of all reports needed for operation. No savings have been claimed.

SECTION VI

Statewide Functions

The Governor's Review of Government Management – 1972



Data Processing

Data processing coordination, planning, and general management review in the Executive Branch are the responsibilities of the Secretary of Administration. He fulfills them through the Bureaus of Management Information Systems and Systems Analysis.

CURRENT OPERATING METHODS

The Bureaus of Management Information Systems and Systems Analysis have respective responsibility to evaluate and approve data processing equipment and service contracts as well as offering technical support in the design and implementation of information and management systems. BMIS also operates a data center which provides EDP services for payroll, personnel, and accounting functions.

There are approximately 44 computers in 34 locations and a considerable amount of unit record equipment in the commonwealth. Of these computers, 21 are under the Governor's jurisdiction and incur personnel and rental costs in excess of \$20-million annually. The remainder are under the control of the organizations which acquired them.

It is the responsibility of the Bureau of Management Information Systems to coordinate and review all activities involved in planning EDP systems, selecting and using computer equipment, and establishing telecommunications systems. However, the responsibility for efficient, economical use of the equipment belongs to the agency head. The Bureau of Systems Analysis offers agencies a variety of management and organizational evaluations and acts as an internal consultant for the commonwealth.

APPRAISAL OF OPERATIONS

In general, statewide data processing goals and efforts are not clearly defined. Data processing centers of varying degrees of sophistication exist as separate entities and many are not well structured or organized. The situation is further complicated by the inability of the Bureau of Management Information Systems to achieve effective coordination and direction of a statewide data processing effort. Problem areas include:

- ▶ Autonomy of functions, responsibilities, and directions within the Office of Administration.
- ▶ Full absorption accounting used for BMIS operations. Users are unable to relate the dollar value to services received.

- ▶ Current inactive status of the Pennsylvania Interagency Management Information Support System (PIMISS).

- ▶ Weaknesses in interagency communications.

Anticipated equipment expenditures for fiscal 1972 are more than \$11-million, but there is no complete physical inventory of EDP equipment available. Systems designed for less sophisticated computers are being run on advanced models, promoting a false need for additional capacity. Goal setting and evaluations are made without regard for the total needs of the commonwealth. Standards for operation, documentation, and applications exist, but are not followed. Personnel are underutilized and inadequately trained.

RECOMMENDATIONS

1. Realign the functions of the Bureau of Systems Analysis and the Bureau of Management Information Systems.

A realignment is needed to remove functional conflicts, separate line and staff responsibilities, and provide a foundation to guide statewide data processing activities. A Bureau of Management Services should be established consisting of three divisions: Automated Data Processing Studies, Management Studies, and Policy and Planning.

In addition, the Commonwealth Management Information Center should be organized to serve agencies without data processing facilities and to provide certain statewide functions such as payroll, accounting, and personnel. Its three divisions would be Operations, Computer Programming, and Systems Maintenance. Establishment of the Bureau of Telecommunications, as recommended elsewhere, will complete the proposed functional restructuring.

2. Take a physical inventory of computers, peripheral, and unit-record equipment to develop costs and related personnel and supply expenditures for data processing operations.

Available records are not accurate and pertain only to equipment used by departments and agencies under the jurisdiction of the Governor. In addition to ascertaining the absolute amount of the commonwealth's investment in data processing activities, an accurate inventory will provide a foundation for lease versus purchase decisions.

3. Develop standard job costing for centrally processed work.

The full absorption method of accounting used for BMIS has created charge fluctuations for centrally processed work which is not related to actual job costs. These variations have made agencies wary of using the central services. Unrecovered costs should be maintained in the center as a basis for budgetary evaluation and control.

4. Perform an annual management review and audit of all state data processing units.

The commonwealth needs an objective evaluation of its data processing effort. The review should cover personnel, equipment, utilization, cost, organization, administration, planning, effectiveness, and efficiency. It is estimated that the process will require 80 man-weeks annually. However, implementation will supply needed information to management for appraisal and subsequent action. A one-time saving of up to \$6-million is possible, but not claimed. The annual cost is estimated at \$110,000.

5. Establish an EDP managers committee.

Establishment of a communications vehicle will allow managers to exchange ideas and broaden their experience, assisting them to develop a common direction for statewide data processing activities.

6. Evaluate the data processing personnel policy and classification system.

Due to rapid technological changes, employee qualifications and salary levels need continuing evaluation. A representative committee of career data processing personnel should be formed to review hiring procedures, job descriptions, and career options available. Membership should be rotated periodically to introduce new ideas.

7. Select and enforce procedures and documentation standards for systems design, programming, and operation.

Standards are needed to establish uniform practices and to measure the performance of the data processing effort. Implementation will provide:

- ▶ Reduction in the cost of modifying or restructuring programs, applications, and procedures.
- ▶ Foundation for the development of personnel performance standards.
- ▶ Avoidance of operating problems which might arise through employee absences.
- ▶ Enhanced ability to transfer information between installations.

- ▶ Comparison data to measure similar activities at various locations.

- ▶ Increased management control.

- ▶ Development of realistic costs and budgets.

8. Develop an EDP systems/applications inventory and a mechanism for exchanging information among state and local agencies.

The sharing of systems knowledge is a requirement of any effort to improve the compatibility and flow of information among state and local agencies. To exploit the enormous potential for fruitful exchange of EDP information, a central point should be established to locate, collect, and disseminate data on applications in operation within the state, other states, local agencies, and the federal government. Benefits of such an exchange mechanism include:

- ▶ Provide savings in time, talent, and money by adopting systems which have already been proven successful.
- ▶ Foster a general condition of compatible data and methods, creating the foundation for a meaningful exchange of information and easy summarization of data.
- ▶ Promote effective and economical expansion of the EDP activities in the commonwealth.

9. Revise and implement PIMISS within the framework of more realistic planning.

At present, it is projected that the Commonwealth Management Information Center would service statewide applications and various client agencies while the Management Information Centers (MIC) would handle predetermined client agencies. A more realistic plan would have one MIC serve the data processing needs of related agencies or processes.

Implementation should include improvement of current systems within each MIC as a major priority. This could be accomplished through the establishment of a multi-agency task force representing the fields of management, systems, programming, operations, and data reduction. Their job would be to design a modular schedule to improve current operations, designate the user agency for each MIC, and assist the center to implement assigned processes. No savings are claimed.

10. Establish an internal training and education program.

Technological changes indicate the need for continuing education. The proposed program should meet the requirements of both data processing and

user agency personnel. Courses and seminars should cover areas such as programming, operations, systems, computer, and general management. The estimated annual cost is \$54,200.

11. Expand all data reduction and input control activities to multi-shift operations.

Although the commonwealth spends more than \$1-million for data reduction equipment, it is being used for only one shift per day. Expanding activities to multi-shift operations will provide an annual saving of \$500,000 through reduced equipment needs.

12. Install a record protection system.

At present, all EDP installations are extremely vulnerable to outside intrusion and internal security breaches. A complete protection system should be installed immediately. Estimated cost is \$40,000.

13. Evaluate the level of effort needed to redesign the central payroll system.

At present, new and transfer employees may have to wait four to six weeks for their first paycheck. However, the computer system does not have the necessary data base to support the needs of a centralized payroll application. A redesign is needed

to improve pay schedules and reduce the number of checks issued to cover extra earnings.

14. Evaluate the level of effort needed to redesign the central personnel system.

Existing redundancies in personnel systems now in operation have obvious cost implications. However, the central data base is inadequate to provide a statewide personnel application. A redesign is needed to expand the current application and eliminate duplicate or unnecessary agency systems.

15. Merge the payroll and personnel files to provide one employee data base.

At the completion of the proposed systems redesign of payroll and personnel applications, they should be merged to provide a complete, updated master file on state personnel.

16. Compare lease versus purchase agreements for all commonwealth EDP equipment.

When the proposed physical inventory is completed, current methods of payment should be compared to determine the potential of lease versus purchase agreements. Such a study will provide methods to reduce equipment costs by 10% for an annual saving of \$1-million.

Personnel and Organization

Personnel management is divided among the Personnel Bureaus of the various departments and agencies and four central organizations. The four include the Governor's Personnel Secretary; the Bureau of Personnel, Office Administration; the Bureau of Labor Relations, Office of Administration; and the State Civil Service Commission.

CURRENT OPERATING METHODS

The primary initiative for personnel activities rests with the line bureaus. The degree to which is it exercised varies considerably with the organization involved. Some of the small, largely clerical groups rely heavily on the central units and restrict themselves to processing and maintaining records of personnel transactions. Others have large organizations of specialists who carry out programs and operate with a high degree of autonomy.

The Governor's Personnel Secretary exerts influence on personnel actions involving patronage employees,

but he relies on the line bureaus to process transactions. The Personnel Bureau is responsible for conducting studies of personnel systems, recommending action, establishing personnel standards, policies, and practices, and reviewing decisions and actions of line bureaus. It also conducts or coordinates interdepartmental personnel programs and maintains the classification, compensation, and employee benefit plans. The Bureau of Labor Relations administers provisions of Public Employees Relations Act 195 as they apply to state employees. The State Civil Service Commission recruits candidates, determines eligibility for employment and promotion, and interprets the Civil Service Act and Rules.

APPRAISAL OF OPERATIONS

Personnel administration in the commonwealth is far less effective than it should be, given its manpower and resources. Part of the problem is the fragmentation of organization with resulting duplications or poor coverage of important functions. A

greater difficulty is the lack of management understanding of the role that personnel should play.

At present, the central units are looked upon by the line groups as having a restraining rather than a helpful effect on activities. On the other hand, agency bureaus have not demonstrated the competence to handle full responsibility for personnel functions. In industry, central organizations are concerned solely with planning and providing services which can best be administered on a large scale. The other personnel components provide the balance of the services needed.

RECOMMENDATIONS

1. Create an effective Bureau of Labor Relations.

The bureau must recognize its true position in regard to public employee unions. Therefore, a professional labor relations manager should be recruited to provide the necessary experience in dealing with unions. In addition, intensive union relations training should be provided for agency personnel on a continuing basis and legal, economic, and communications expertise introduced into the bureau structure.

2. Extend civil service coverage to all positions below the policymaking level.

There are no longer valid reasons for not including all state employees in the civil service system in view of the proposed flexibility to be introduced through implementation of certain recommendations, the consolidation of civil service into a central personnel system, and the abrogation by law of the government's ability to hire and fire patronage employees.

3. Delegate the responsibility for classifying positions, salary determinations, approval of training, and similar actions to agency bureaus.

Implementation will produce the following benefits:

- ▶ Place responsibility for action closer to those affected.
- ▶ Eliminate long and costly delays caused by a cumbersome approval system.
- ▶ Avoid dilution of the agency chief's responsibility for personnel administration.
- ▶ Develop professional competence on the part of agency staffs.
- ▶ Free central personnel to do planning and research needed to improve the overall system.

The estimated annual saving to be realized would amount to \$550,000.

4. Replace the executive inventory system with a manpower inventory system.

The current system is inaccurate, incomplete, and outdated. However, the commonwealth needs managerial talent and this can best be obtained by early identification of potential supplemented by programs for strengthening abilities. An automated manpower inventory would be a major part of this process and would enable agencies to find personnel for hard-to-fill positions. No savings are claimed.

5. Establish a Personnel Records Division to maintain all hard copy personnel action forms.

Establishing a central depository for official personnel folders would make it possible to eliminate duplicate files in the agencies. All history and working data needed by the departments should be retrievable from the BMIS data bank. A system for limiting access to confidential information to specific personnel could be designed and duplicate copies of this data only maintained by the agencies.

6. Study the feasibility of establishing field personnel offices in those areas large enough to justify them.

It is conceivable that overall reductions in staff and facilities could be realized by providing a field personnel office to serve the needs of several agencies.

7. Replace the Governor's Personnel Secretary with a special assistant.

The proposed assistant would advise the Governor on cabinet-level, board, and commission appointments. Supporting staff would include a deputy and two or three clerical employees. Eliminating the staff now functioning under the Governor's Personnel Secretary would provide an annual saving of \$62,100.

8. Consolidate statewide personnel functions in a new Commonwealth Personnel Department.

The size, cost, and effect of the personnel management function is too great to be divided among four central organizations. Therefore, a single organization should be established to provide a coordinated approach to statewide personnel functions. The proposed department would contain five bureaus: Organization and Manpower Planning, Employment, Labor Relations, Employee Benefits, and Affirmative Action. Substantial savings are expected from implementation, but no specific amount is claimed.

9. Institute an open range merit compensation plan for "at risk" employees.

The current compensation plan provides 55 pay ranges, each with seven merit steps. After a fixed

period, progression is almost automatic. This seriously handicaps management ability to motivate employees to higher productivity. The system should be replaced by one which:

- ▶ Has fewer and wider ranges.
- ▶ Provides more flexible timing of increases.
- ▶ Includes guidelines which are strictly based on merit.

The plan should be implemented first with “at risk” categories of civil service employees—that is, those in policymaking positions—and expanded later to all professional levels.

10. Restructure the system for subsidized education for commonwealth employees within government offices, agencies, and departments including state schools.

The present policy is so broad that no control exists. Recommended changes to establish a more consistent program include:

- ▶ Employees may request payment of tuition and fees for evening courses when such instruction relates to existing or potential job requirements. Enrollment must be approved by the department head and evidence of successful completion presented before reimbursement is granted.
- ▶ In those cases where courses are only available during working hours, part-time students engaged in job-related training will be allowed time off or a schedule adjustment without loss of pay.
- ▶ An employee may request a leave of absence to attend an institution of higher learning on a full-time basis. His salary will not be continued, but tuition and fees will be reimbursed upon satisfactory completion of the program and return to employment.
- ▶ Cases where a department requests that certain courses be taken will be judged individually and compensated accordingly.

Communications

Communications in the commonwealth consist of a statewide private dial telephone network serving all government branches, several intraagency data and mobile radio networks, two microwave systems, and a number of low-power FM educational radio stations. There is one statewide sensor network in operation and two under development.

CURRENT OPERATING METHODS

Annual expenditures for replacement, lease/rental, and maintenance of equipment and services exceed \$8-million. Responsibility for planning, procurement, and control of communications services is divided among several agencies and commissions.

Telephone service is contracted for by the Commonwealth Communications Officer, Department of Property and Supplies. The annual cost of the CCSA network service is about \$1.3-million and is growing at a rate of 10% to 15% annually. BMIS has begun to analyze network traffic using tapes furnished by the telephone company which represent a 20% sample of calls made.

In addition to telephone service, 10 agencies operate independent data networks and major expansions

are planned or underway for several of them. There are nine agencies which operate intraagency FM mobile radio networks. The Pennsylvania Turnpike Commission utilizes a private microwave system while the Pennsylvania Public Television Network Commission leases a microwave network to interconnect seven educational television stations.

APPRAISAL OF OPERATIONS

There is no effective centralized management of the growing telecommunications costs being incurred by the commonwealth. Established policies and guidelines for control and regulation of communications needs are not being effectively implemented. The Telecommunications Section of the Bureau of Management Information Systems has neither the technical depth nor the authority to assume its assigned responsibilities.

With regard to telephone service, there would be no systems planning and no centralized records of facilities, equipment, and costs if it were not for the efforts of the largest supplier serving the commonwealth. In the area of data communications, a number of agencies have plans for expanded systems. If

implemented, the result will be further duplication of costs for equipment and lines. There has been no attempt to coordinate radio use, frequencies, relay sites, equipment purchases, lease agreements or maintenance services among user agencies.

RECOMMENDATIONS

- 1. Establish a telecommunications organization of bureau level to provide centralized management and integration of communications' activities.**

The Telecommunications Section in the Bureau of Management Information Systems has been unable to implement established policies and guidelines for this activity in the commonwealth. The annual cost to set up a properly staffed organization is estimated at \$233,000. Projecting a 10% reduction in expenditures through centralized management, the annual saving to be realized from implementation would amount to \$598,000 annually.

- 2. Study the effect of providing WATS for off-network calls at Pittsburgh and Harrisburg.**

A study of the system now in effect for Harrisburg only should provide information about the feasibility of extending it to Pittsburgh.

- 3. Compare the present full-time WATS lines to an appropriate number of full-time and measured WATS lines to determine the proper ratio.**

An efficient combination of these two services can provide necessary capabilities for peak hours and still result in an overall saving. A study should be undertaken to determine the proper ratio.

- 4. Replace some or all of the Off-Network Access Lines (ONAL) with WATS service and design the off-network layout to incorporate route selection and advance.**

It is probable that increased savings could be realized by eliminating some ONAL groups and replacing them with WATS to gain the added efficiency of large circuit groups. It is also possible that further economies would result from originating ONAL at the nearest switcher rather than from Harrisburg.

- 5. Install an appropriate number and variety of interstate WATS lines at Harrisburg to enable agencies to complete out-of-state calls.**

A study should be performed to determine the number of out-of-state calls made by commonwealth agencies. Installation of an interstate WATS service might reduce costs if the volume is high enough.

- 6. Schedule conference calls during non-busy hours whenever possible.**

PA-NET is used for daily conference calls by the Pennsylvania State Police and Pennsylvania State University. These and similar calls should be scheduled to avoid overloading the network.

- 7. Acquire the sample tapes of PA-NET calls and analyze the information to provide traffic engineering, network configuration, cost allocation, and control of abuses.**

Proper use of this sample could provide valuable information about the system. Although the commonwealth has plans to use the tapes in administering the network, this has not yet been done.

- 8. Study PA-NET to determine the savings if full off-network call capability were provided to all users.**

At present, only Harrisburg and the three state-related universities have off-network capability. Other state locations must place long distance calls and the monthly expense is approximately \$118,000. A study of cost versus savings should be made to determine if a system of off-network calls should be instituted on a statewide basis.

- 9. Balance the network more frequently to avoid call blockages and remove surplus circuitry.**

The telephone company makes recommendations every six months to provide circuits to meet commonwealth standards. However, it is usually another six months before the changes are implemented by the commonwealth and the time lag can cause an unbalanced network.

- 10. Determine expenses involved in present methods used to control telephone use and allocate costs to user agencies.**

The methods now in use should be studied to determine the costs involved, whether such expenditures are necessary, and if alternate controls would be more economical or efficient.

- 11. Establish a data switching network for major on-line data communications systems.**

Preliminary planning for such a system is underway in the Telecommunications Section and should be completed and implemented promptly.

- 12. Study the economic and operating necessity of the proposed expansion of the Pennsylvania Turnpike Commission Microwave System.**

Before proposed enlargement plans are implemented, a study of the need for such expansion and possible alternatives should be made.

13. Centralize equipment approval authority in the proposed Bureau of Telecommunications.

Procurement of new equipment and services is now controlled by individual agencies with resulting duplications and gaps. Centralizing the management of radio system planning and procurement should provide an annual saving in lease/purchase costs of at least \$140,000.

14. Centralize radio frequency management in the proposed Bureau of Telecommunications.

At present, each agency handles its own frequency assignments so that there is no overall coordination of assignments for different uses. Partly as a result of this lack of centralized management, some agencies do not have adequate frequency allocations while others have more than enough.

Motor Vehicle Management

The state fleet consists of more than 27,000 passenger cars, trucks, and other automotive equipment operated by the Departments of Transportation and Property and Supplies, Pennsylvania Turnpike Commission, General State Authority, and State Public School Building Authority. An additional group of over 600 cars is owned by the state-aided universities while the Pennsylvania National Guard maintains 6,350 federally owned vehicles.

CURRENT OPERATING METHODS

The Automotive Bureau of the Department of Property and Supplies is the central agency for determining purchase requirements, maintenance, inspection, storage, and disposal of passenger and commercial vehicles. However, the Department of Transportation and the Pennsylvania State Police may maintain their vehicles and records of maintenance. The department's Bureau of Purchases buys or leases vehicles for all departments except independent agencies, state-aided universities, and the Pennsylvania National Guard.

General policies regarding passenger cars are established by the Executive Board. Technical requirements are determined by automotive officers in the various departments.

There is no statewide program of uniform vehicle maintenance or replacement. Disposition is centralized through the Automotive Bureau and varies according to the type of vehicle. Sedans are sold at auction while heavier equipment may be disposed of by auction, bid, or salvage. There are no central records to establish a statewide cost of operation.

APPRAISAL OF OPERATIONS

Motor vehicle administrative personnel lack centralized leadership and coordinated policies, resulting

in inefficient transportation for state employees. Acquisition and passenger car specifications are centralized. However, specification procedures for other types of vehicles are less effective. Poor fund availability results in untimely buying patterns. Review and control of vehicle use also need improvement. State-owned cars appear to be in reasonable condition, but maintenance costs are unnecessarily high. Repair facilities suffer from poor use of shop space and excessive downtime. Control over purchases of repair supplies is weak and current records contribute little to management decisions. The present cost accounting system is ineffective. Indoor parking is a waste of valuable space and shop safety programs need immediate improvement.

RECOMMENDATIONS

1. Combine the motor vehicle fleets of the Departments of Transportation and Property and Supplies under one administrator in Property and Supplies.

Property and Supplies is responsible for the purchase and disposal of state-owned vehicles. However, the Department of Transportation and the Pennsylvania State Police are authorized to maintain their own vehicles and records. The resulting fragmentation tends to increase as other departments set up vehicle repair shops. Therefore, a qualified fleet administrator should be employed to:

- ▶ Arrange for purchase of replacement and additional vehicles in cooperation with the Bureau of Purchases.
- ▶ Establish specifications for vehicles to fulfill work assignments in cooperation with departments using them.
- ▶ Assign vehicles as required upon receipt of proper authorization from the departments.

- ▶ Establish maintenance standards and supervise departmental compliance.
- ▶ Arrange for most maintenance to be done in state-operated shops.
- ▶ Initiate accounting procedures to produce centralized cost records on maintenance.
- ▶ Establish other accounting procedures, records, and reports to generate meaningful cost control information.
- ▶ Dispose of vehicles in a manner consistent with existing market conditions.

Setting up a unified fleet operation with good organization and control should provide a minimum annual savings of 10% or \$4.5-million.

2. Expedite implementation of a revolving fund for replacement of passenger cars.

A revolving fund has been authorized for the replacement and maintenance of approximately 2,500 sedans and station wagons assigned to general fund agencies. Under the proposed plan, department budgets will include a fixed annual charge for each passenger vehicle plus an estimated amount to cover running costs and incidental expenses.

Actual operation of the fund has been held up because the departments cannot agree on how it should be handled. The delay has already resulted in a postponed replacement program, higher maintenance costs, nonpayment of invoices, and general confusion. Implementation will provide an annual saving of \$6,000 and represents an important step in improving automotive fleet accounting.

3. Enlarge the automotive revolving fund to include all vehicles in the Departments of Transportation and Property and Supplies, collecting all automotive costs into the fund.

The fund should be enlarged to include all vehicles of general and special fund agencies which come under the provisions of the Department of Property and Supplies' fleet as well as the Department of Transportation's vehicles. In addition, the fundamental purpose should be changed to include operating and maintenance costs with the exception of tolls and parking fees. Advantages of this expansion are:

- ▶ The total amount of the fund plus annual charges per vehicle will give information regarding overall fleet costs with past performance as a guide to future requirements.

- ▶ Department budgeting will be simplified since the annual transportation costs will basically be the number of assigned vehicles multiplied by a per-vehicle charge.
- ▶ Preparation of monthly summaries of running expenses would be centralized.
- ▶ Clerical work required to collect data and compute monthly billings would be eliminated.
- ▶ Vehicle replacement could be made in an orderly fashion, upgrading overall fleet equipment at lower costs.

Implementation would provide annual savings estimated at \$455,000.

4. Reduce employee lost time in arranging vehicle maintenance by using state-owned rather than commercial garages.

Several departments operate repair shops. However, these shops will not work on vehicles from other departments. Therefore, thousands of state-owned cars are repaired in commercial garages even though state facilities exist in the area. By allowing these repair facilities to accept all state-owned vehicles, employee lost time and administrative paperwork required for commercial garage jobs will be greatly reduced. No savings are claimed.

5. Revise car specifications to include those of intermediate and compact size.

Present specifications exclude use of many smaller cars and station wagons which are safe, economical, and increasingly popular in industrial fleets. Intermediate and compact cars have lower original and operating costs than larger cars while the resale price is equal or better. A saving of \$50 per car annually is feasible for total savings of \$302,000.

6. Cancel plans for a new Automotive Bureau office and shop.

An extension of the commonwealth garage has been approved to provide adequate facilities to maintain approximately 750 vehicles. This could be accomplished with existing shop facilities if a two-shift operation were initiated. Some additional locker storage and shop improvements would be needed. However, implementation would provide a one-time saving of \$500,000.

7. Enforce safety regulations.

Inspection of the state repair facilities indicates that major improvements are needed in the existing safety program. The following conditions have been observed and should be corrected immediately:

- ▶ No separate fire-retardant storage area is provided for drums and cans of oil, grease, and solvents. These materials are simply left in a corner of the shop or office area.
- ▶ Sawdust and wood shavings are used to absorb spilled oil and grease and left on the floor.
- ▶ Floors, benches, and shelves are cluttered with discarded parts, scrap, empty paper cups, and the like.
- ▶ Smoking is permitted even in close proximity to highly flammable fuel and solvents.
- ▶ The sign and paint shop in a new hospital/rehabilitation center has no fireproof storage facilities for paint, lacquer, and solvents. Gallon cans are stacked on benches, windows, and the floor.
- ▶ Safety equipment is not used during grinding and sawing operations.

8. Limit air conditioning as a standard specification to state police cruisers and other vehicles in constant daily use.

Air conditioning has been approved as standard equipment for state-owned sedans and station wagons. Limiting this option to state police cruisers and vehicles which are operated constantly would be more in line with industrial fleet practices. The annual saving would be \$587,000.

9. Encourage the use of personal cars with mileage allowances to replace state vehicles.

Although the cost of owning and operating state cars is not properly documented, estimates are \$0.13 per mile for 10,000 miles per year and up to \$0.22 per mile for 5,000 miles per year. Substituting personal cars with a mileage allowance of \$0.10 per mile would provide an annual saving of at least \$150,000. Disposing of approximately 500 cars should produce a one-time income of \$250,000.

10. Use prominent markings to identify passenger cars as state-owned vehicles.

Without positive identification as an official car, unauthorized personal use of state vehicles is bound to occur. Official decals could be provided at a unit cost of \$2. The annual cost will be \$20,000 for the cars replaced each year. Such identification will prevent unauthorized use of cars and should provide an annual saving of \$105,000.

11. Conduct a continuing campaign for vehicle safety and accident prevention.

Liability insurance premiums are \$805,000 per year and accidents total in excess of 2,000 annually. An

effective accident prevention program, properly implemented, would cost approximately \$30,000 per year. However, annual savings in vehicle damage and premium costs are estimated at \$480,000.

12. Develop a statewide system of standardized motor vehicle records to provide timely data.

At present, there is no common system used by all departments and no department or agency has records which provide adequate information on cost, vehicle use or preventive maintenance. A statewide system would provide the following information:

- ▶ Inventory: Description of the vehicle and its location and assignment for each control unit.
- ▶ Utilization: Measure of vehicle use and identification of seldom used equipment on a statewide, departmental, and regional basis.
- ▶ Repair Frequency: Report of the repair incidence for groups of vehicles and specific cars with an abnormal frequency of repair.
- ▶ Costs: Operating and overhead costs for significant groups of vehicles. Identification data to show abnormal costs.
- ▶ Comparative Data: Comparisons of cost, use, and other experience with reasonable achievement goals for each control unit.

Because of the lack of current cost information, no savings amount can be determined.

13. Reduce turnover of technically trained and experienced personnel with each change of administration.

Although experienced, supervisory personnel hired by the state require approximately a year before they become completely familiar with their job assignment, responsibilities, department organization, government policies, and the like. Periodic replacement of these key personnel because of changes in administration results in decreased efficiency and creates a discontinuity in bureau functions and planning. The monetary cost is only a small part of the loss suffered by the commonwealth through these changes. Reducing such turnover would save about \$126,000 annually.

14. Employ five additional field inspectors in the Automotive Bureau.

It is physically impossible for the current staff of six to cover Pennsylvania in the performance of their assigned duties. The force should be increased to 11 inspectors and present districts realigned to coincide with Department of Transportation districts. These

would then become headquarters for the Automotive Bureau's field staff. The annual salary cost would be \$44,500.

15. Eliminate the central engine overhaul operation.

The Department of Transportation operates a central engine overhaul shop in Harrisburg. Engines

are shipped to this facility from all areas of the commonwealth. Such a procedure is inefficient and unnecessarily costly. Engines should be overhauled in the nearest state-owned or approved commercial garage. Total estimated savings are \$72,000 per year.

Capital Asset Control

Investments in capital assets normally involve large sums and long-term commitments. Proper management is essential to allocate resources effectively, ensure optimum use of investments, safeguard assets, and fix responsibility for custody. Effective management embraces the functions of planning, budgeting, acquisition, and control.

CURRENT OPERATING METHODS

Responsibility for the four functions of asset management are widely dispersed. The planning process is variously conducted by individual agencies and program developers, interested groups outside state government, and the State Planning Board (SPB).

Agencies are required to submit capital spending programs to the board which must prepare and update a comprehensive, long-term public works plan. Since it only has a staff of five, the SPB relies on the agencies and the office of the Budget to provide appropriate data.

Historically, costs and construction schedules have been poorly prepared and grossly underestimated. To correct this, a system of pre-planning was started in 1968, using the services of outside analysts. However, no projects have been subjected to pre-planning since 1969.

The constitution requires a five-year capital budget with General Assembly approval of only the current annual public works plan. Little consideration is given prior years' authorizations or future financial impact of approvals. The budget reflects expenditures of state funds by project with federal money included only for highway programs.

There is no asset accounting system and no mechanism for establishing valuations and inventories. Depreciation must be estimated for indirect cost allocations associated with federal matching fund programs.

APPRAISAL OF OPERATIONS

Lack of overall, comprehensive planning is the most serious flaw in the asset management system. The State Planning Board has neither the authority nor staff to develop an effective, long-term public works plan. Both the Executive and Legislative Branches bypass it regularly.

In capital budgeting, both the SPB and the Office of the Budget are handicapped by poor cost estimates and ineffective pre-planning. The Legislature contributes to the problem by adding numerous new projects to submitted budgets. A serious weakness is that a definition of and accounting for revenues available for capital budgets are not prescribed in the Administrative or Fiscal Codes. After completion, asset control is nonexistent. The commonwealth has more than \$2.5-billion in capital assets, but there is no inventory, no accountability, and no definition of these assets.

RECOMMENDATION

- 1. Install and maintain an asset accounting system based on the comprehensive guidelines issued by the National Committee on Governmental Accounting.**

There is no asset accounting done by the commonwealth although it is essential for effective control of state-owned property, facilities, and equipment.

In addition to needed asset control, implementation of such a system would provide two substantial areas of saving. First, it would provide recapture of depreciation chargeable to federal programs. Under the uniform principles for determining grant and contract costs for states and localities, provision is made for the federal government to bear its fair share of indirect costs such as depreciation. However, to be eligible for this reimbursement, the commonwealth would have to set up adequate records

and depreciation schedules under the Bureau of Financial Management. The annual income is estimated at \$9.5-million. This amount would be an annual cost to the federal government.

In addition, development of a statewide asset inventory will provide data on the total space occupied and the way it is being used. It is estimated that

at least 500,000 square feet of usable space would be identified through such an inventory. The one-time cost of implementation would be \$2-million and the annual operating cost is expected to be \$200,000. The responsibility for this activity should be assigned to the Space and Facilities Planning Unit, Department of Property and Supplies.

Real Estate

The commonwealth may be the largest single land owner in Pennsylvania. Although its total acreage is unknown, principal real estate holdings include more than 4.3-million acres.

CURRENT OPERATING METHODS

The Department of Property and Supplies acts as agent for the commonwealth in the purchase, lease, and disposal of real property. There are some exceptions, however. The Departments of Transportation and Public Welfare as well as the Pennsylvania Fish and Game Commissions are empowered to acquire certain types of real estate.

Most agencies maintain an inventory of the lands entrusted to their operation. They also provide real estate staffs to handle administrative details and usually retain outside attorneys to take care of land transactions.

APPRAISAL OF OPERATIONS

There is no single complete record of the land holdings of the commonwealth. Too many agencies have been empowered to acquire land, resulting in duplicate real estate staffs. No comprehensive land use plan exists and agencies are not required to report surplus property for possible reassignment. Thousands of acres are underutilized or lying fallow.

RECOMMENDATIONS

- 1. Assign one agency the responsibility for acquisition, lease, and disposal of state-owned real estate, except for property used for highway rights of way.**

Assigning administrative responsibility for the acquisition, lease, and disposal of state-owned real estate to the Bureau of Real Estate and Insurance in the Department of Property and Supplies will improve operating efficiency and provide an annual saving of \$125,000 through staff reductions and elimination of attorneys' fees. Upgrading the bureau to perform this function will cost an estimated \$100,000 per year. The first priority of the organization should be to establish and maintain a current inventory of all land that is owned and leased by the commonwealth.

- 2. Establish and maintain a master land use plan.**

Large tracts of state land are now underutilized. A central agency in the Governor's Office should be assigned the responsibility of developing a land use plan and assigning project priorities. Agencies should be required to submit an annual program outlining uses for lands under their control. All acquisitions, disposals, and transfers of state property would have to be reviewed and approved by the proposed central unit.

Public Information

This function is extremely decentralized in scope, control, and location. Activities involve various media and include preparation and dissemination of news releases, radio, TV, film scripts, speeches, brochures, and advertisements.

CURRENT OPERATING METHODS

Estimates establish some 102 persons as members of the public information function. Most individuals in the Public Information Office relate primarily to the department or commission they are assigned to

handle rather than to the commonwealth as a whole. Except for preparation of speech or press material for the Governor's Office, there are few efforts to combine the talents or manpowers of more than one department.

Staffs in departments range from one person to a dozen or more. In some instances, ancillary services such as photography are separated from the information function. Approximately 40 of the 102 individuals included in the public information function have direct contacts with the press. Titles and reporting relationships vary considerably from department to department.

APPRAISAL OF OPERATIONS

Current salary costs for this operation are estimated at more than \$1.5-million. Additional costs are almost impossible to estimate. The major difficulties of the people assigned to this function are that they are required to deliver creative, action-oriented programs without leadership or statewide policies or programs. Additional problems include the lack of any practical way to utilize available talents or equipment, the existence of overstaffing in some areas and understaffing in others, and the duplication of copying and distribution efforts in regard to press materials.

A standard news release form and a uniform reporting style are needed to increase the consistency of the commonwealth's announcements in the press.

RECOMMENDATIONS

1. Fill three vacancies in the Press Secretary's Office on the Governor's staff.

In terms of its current work load, the Press Secretary's Office is one of the most undermanned operations in the commonwealth. As a prime news source for any of the 800 media in Pennsylvania as well as many national publications, the office should be provided with two assistant press secretaries and one clerk to increase its operating efficiency. The annual cost would be \$38,400.

2. Establish a standard budget for all department, agency, and commission public information operations.

Properly developed with the assistance of the Office of Administration, a standard budget would:

- ▶ Provide a forecast and actual cost — annual and monthly — for all public information activities of the commonwealth.

- ▶ Establish administrative and functional review and control of this expense.

- ▶ Introduce a method for the Press Secretary's Office to review budget requests with the appropriate officials to balance manpower, equipment, and programs in terms of overall needs and available resources.

3. Establish a central public information support function within the Office of Administration, but reporting to the Press Secretary's Office.

The responsibilities to be assigned to the proposed operation would include:

- ▶ Maintain an accurate list of all state media.
- ▶ Operate equipment for the duplication and mailing of news releases and prepared statements.
- ▶ Provide a supply of standard news release forms.

No cost would be involved because personnel and equipment could be reassigned to staff the operation. The annual saving, through elimination of duplicated functions, is estimated at \$33,900.

4. Establish a statewide Bureau of Public Information in the Office of Administration.

The proposed bureau would serve as a centralized information center for all agencies. Implementation would eliminate duplicate staff and services, provide more effective use of support facilities, and allow coordinated development of policies and programs. The annual saving is estimated at \$208,000 and the one-time cost at \$1,700.

5. Establish a Bureau of Advertising to coordinate commonwealth advertising programs.

A staff of two professionals and one clerk should be adequate to supervise commonwealth advertising to ensure that maximum benefit is achieved. More importantly, implementation would provide a means for improved budget control over such expenditures.

6. Develop a statewide public information policy and plan.

To properly measure the effectiveness of Pennsylvania's public information efforts, a plan should be developed to include:

- ▶ Quantified objectives.
- ▶ Specific tasks to be accomplished within an established time limit.
- ▶ Rationale to support objectives.
- ▶ Budget resource information.

Purchasing

There are more than 225 statewide procurement contracts for the purchase of repetitive, large and small dollar items used by the agencies and departments of the commonwealth. The contracts are administered by the Bureau of Procurement in the Department of Property and Supplies.

CURRENT OPERATING METHODS

Property and Supplies controls acquisition of supplies, vendor selection, and contract awards. Responsibility for ordering, delivery schedules, warehousing, inventory control, and forwarding invoice, receiving, and inspection documents rests with the various agencies and departments. Prices for statewide contracts are requested and quoted on an F.O.B. delivered basis.

APPRAISAL OF OPERATIONS

An inefficient procurement function results in delays of from 60 to 90 days before purchase orders are approved for release. The use of a prior period's consumption as a basis for current needs does not reflect seasonal changes for three- to six-month contracts. Suppliers do not know how many shipments, what quantities, or which destinations will be required at the time of bidding. This results in late shipments and higher quotes. Also, since bidders must submit a certified or bank check for 25% of the contract value, suppliers who do feel able to quote raise their prices to cover the interest on the borrowed money.

Requiring that quotes be submitted on an F.O.B. delivered basis precludes agencies from reducing delivery costs by picking up orders. Each agency maintains its own inventory, most of them overstocked. Invoice payments are too slow, a practice which also results in limiting suppliers and raising bid estimates.

RECOMMENDATIONS

- 1. Reduce the inventory in state agencies to two months' supply on items covered by statewide contracts.**

Inventory control is left up to the agencies who maintain average levels of between four and six months' supply because of poor deliveries by suppliers. The Bureau of Purchases should expedite late shipments and the inventory levels should be reduced. The estimated one-time saving is \$13-million. Invested at 5%, this would produce an annual income of \$650,000.

- 2. Require that suppliers also quote on the basis of F.O.B. origin, naming the origin point.**

In some cases, it would be possible for the commonwealth to handle transportation of ordered materials. In one instance, two suppliers indicated that the per-case price of canned goods could be lowered by \$1.25 if quoted on a F.O.B. origin basis. The annual saving from implementation is estimated at approximately \$120,000.

- 3. Submit purchase orders to individual paper suppliers in groups totaling truck load lots.**

Consolidating paper orders into truck load lots would provide an annual saving of \$42,000.

- 4. Establish a statewide materials management operation.**

The proposed operation would combine the functions of purchasing, warehousing, inventory control, and distribution. The inventory control area would coordinate and direct activities in the other interdependent functions. A pilot program should be established within the Department of Public Welfare and, if successful, the program should be expanded and its administration transferred to the Department of Property and Supplies.

Financial Planning and Control

The commonwealth has two methods which provide data for financial management and control. The Custodial Accounting System (CAS) records encumbrances against funds to assure timely warning

in regard to overspending an appropriation. The Program Planning and Budgetary System (PPBS) provides a mechanism for program/resource planning and performance measurement.

CURRENT OPERATING METHODS

Responsibility for financial administration has been apportioned among the Governor, the Auditor General, and the State Treasurer. Proper administration encompasses custodial and managerial accounting procedures and controls. The major features of the commonwealth's Custodial Accounting System are:

- ▶ Centralization of the general ledger and other control accounts in the Bureau of Financial Management.
- ▶ Decentralization of the maintenance of subsidiary ledgers to department comptrollers.
- ▶ Accounting for expenditures on an accrual and encumbrance basis and for revenue on a cash basis.
- ▶ Reporting of expenditure and appropriation status to department comptrollers and agency officials.
- ▶ Accounting for revenues and uses of funds within the legal restrictions of the Fiscal Code.

Management accounting operates in two phases: annual budget approval with appropriation funding and expenditure control. Appropriations control is accomplished by using encumbrance accounting. The Bureau of Financial Management supervises the department comptrollers who actually operate the system. The Program Planning and Budgetary System (PPBS) is administered by the Budget Secretary. He supervises three divisions concerned with its operation: Planning and Program, Budget Analysis, and Program Audit. Each department has designated a program coordinator to prepare the formats required and the future impact indicators. The first program budget to be published was for fiscal 1972. No output reports had been issued as of October 1971.

APPRAISAL OF OPERATIONS

The concept of centralized general control accounts and decentralized transaction processing is theoretically viable. However, implementation requires a uniform accounting system and standard operating procedures as well as a structured authority system for financial policy decisions and management. None of these elements is present in the current system.

Adequate spending controls are maintained over individual appropriation limits, but centralized, coordinated, statewide financial management and planning does not exist despite PPBS. Budgets are considered spending levels to be reached and there is

little motivation for the staff or management officials to stress economical operating procedures.

The planning aspect of the management accounting function is the weakest part. There is no effective, long-term program to coordinate projects and activities. Technically, PPBS is intended to fill this role, but a lack of proper implementation has made it an unsatisfactory vehicle for accomplishing planning objectives.

RECOMMENDATIONS

1. Reorganize the financial administration functions to establish an Office of Finance and Budgeting reporting to the Governor.

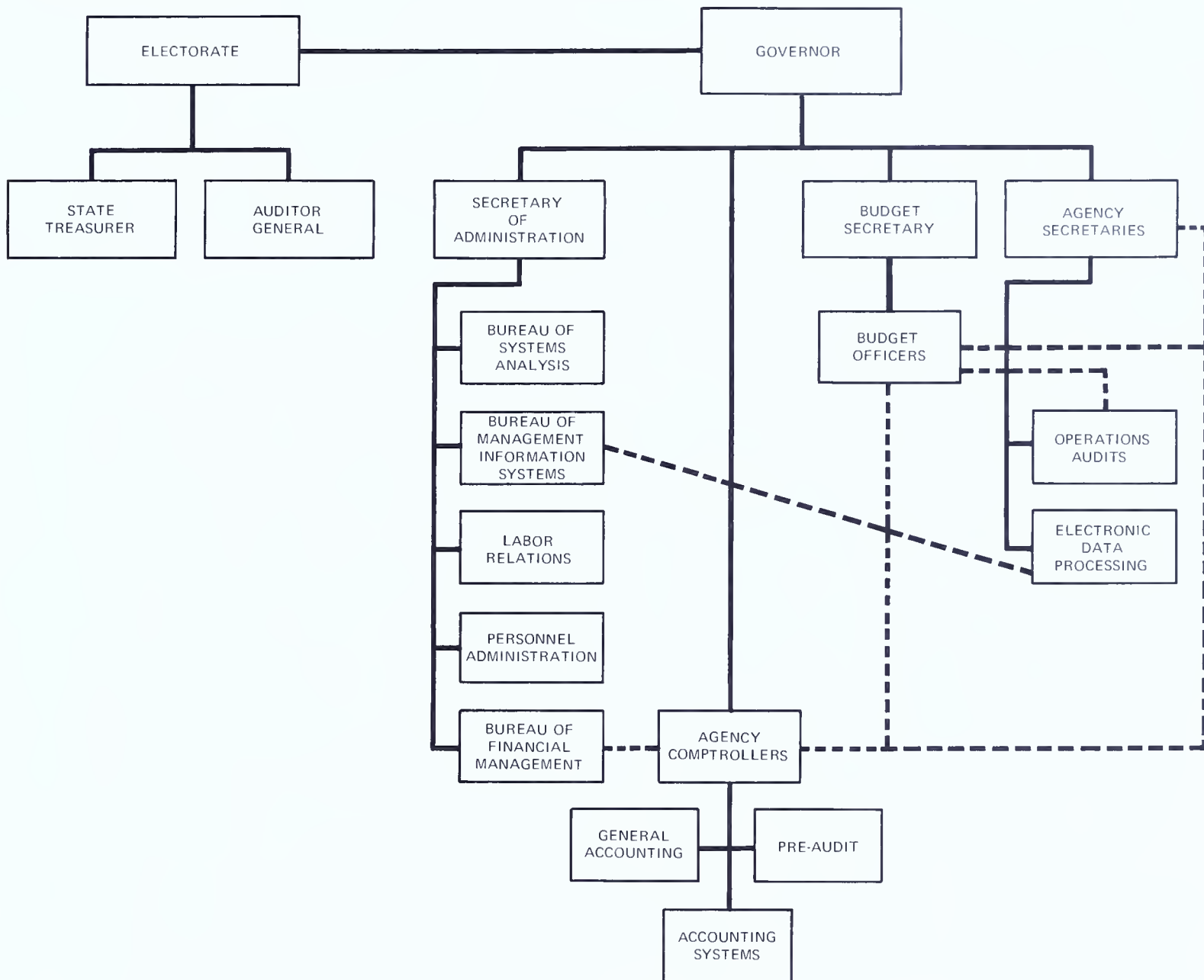
At present, financial management in the commonwealth is disorganized and widely diffused through various organizations. Charts showing the present and the proposed financial organizations are illustrated to the right and on page 164.

Implementation will provide a much needed central authority to establish uniform accounting principles, give direction to agency comptrollers, and provide financial management and policy decisions. Key points in the reorganization include:

- ▶ Establish the Office of Finance and Budget, headed by the Comptroller General.
 - ▶ Place the Office of the Budget, Bureau of Financial Management, and agency comptrollers in the proposed Office of Finance and Budget.
 - ▶ Develop budget and operations audit groups in the agency comptrollers' departments.
 - ▶ Provide a Federal Accounting Office within the Office of Finance and Budget.
 - ▶ Consolidate responsibility for accounting methods and systems within this office.
 - ▶ Upgrade comptrollers' staffs to include more professional cost and budget analysts.
 - ▶ Charge the Secretary of Finance and Budget with budget preparation.
 - ▶ Require that agency accounting officers be governed by regulations and procedures developed by the Secretary of Finance and Budget.
- ### 2. Establish a Federal Accounting Office in the Office of Finance and Budget with additional specialists in the comptrollers' departments of agencies with substantial federal funding.

It is estimated that the commonwealth loses up to \$9.5-million annually in federal funding of joint

PRESENT ORGANIZATION FINANCIAL AGENCIES



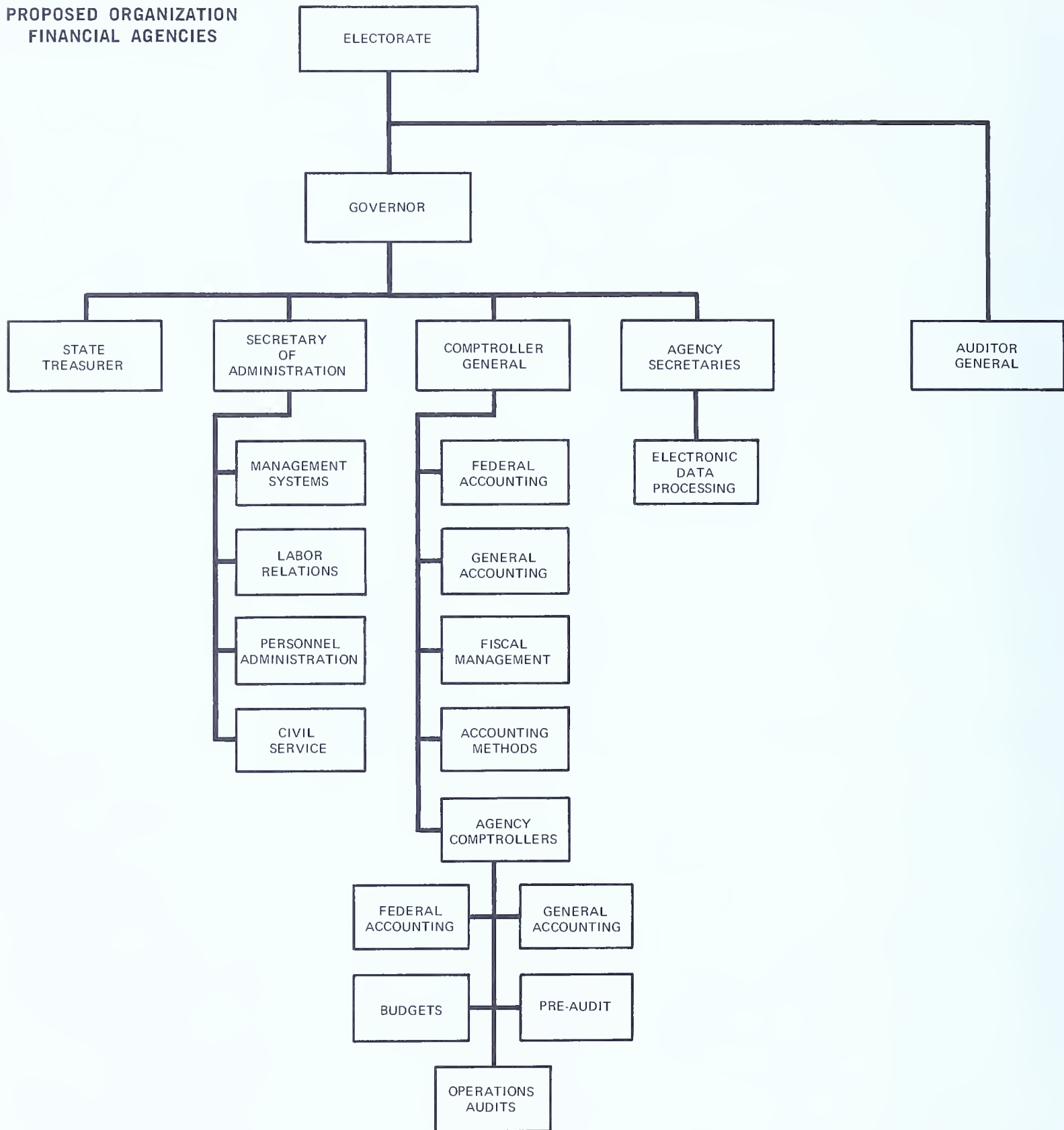
programs because acceptable, comprehensive costing processes for matching funds are not provided. Implementation will establish these procedures.

3. Restructure the Program Planning and Budgetary System.

PPBS is a major attempt at reorienting government management in the direction of multi-year program planning and results measurement. Although a framework exists, it lacks quantitative measures of impacts and outputs and has no effective means for correlating costs to programs. Despite its problems, PPBS offers the best opportunity to improve the management of public resources. Changes needed in the system include:

- Publish the Governor's Program Planning Guide and develop a more rigid budget time schedule.
- Direct agency heads to follow PPBS.
- Establish a training program to develop agency and bureau managers who will be knowledgeable in PPBS concepts and implementation.
- Provide impact indicators and output measures within PPBS.
- Use quarterly progress reports to furnish program source data, impacts, and outputs.
- Monitor program effectiveness quarterly and publish results.

**PROPOSED ORGANIZATION
FINANCIAL AGENCIES**



- Appropriate funds and establish budgetary controls by programs with organization and fund controls as secondary measures.
- Include line management in PPBS and change the name to the Program Management System (PMS).

- Reorganize cost centers as much as possible along program lines.
- Consolidate functional and program cost accounting systems into one which focuses on programs, but can be aggregated in various ways.

4. Revise the accounting system in accordance with recommendations of the National Committee on Governmental Accounting (NCGA) and improve the centralized accounting system reports.

The commonwealth accounting system, although centralized and conceptually adequate, is not uniformly followed in all agencies and does not provide management with comprehensive reports of financial operations. Moreover, in practice, it does not function as a central accounting and reporting system.

The NCGA has developed a group of basic accounting principles to be utilized by government units. These are fundamental rules which have been recognized by public administrators and accountants as essential to the correct analysis of financial operations and reports. The proposed Secretary of Finance and Budget should revise Pennsylvania's accounting and financial reporting system in accordance with the NCGA tenets.

Approximately 35 financial reports are prepared and sent to agency fiscal officers although only a limited number are used. Based on a study of the information produced, the daily reports can be reduced from 20 to 10, weekly bulletins from two to one, and

monthly information from 13 to six. The total annual saving would be \$196,000.

5. Change timing of the payroll and establish a single payday.

At present, 63% of the salaried employees are paid with checks prepared before the actual pay period. This means a second check must be prepared for overtime and other corrections. Paydays are scattered throughout the week causing continuous payroll processing in BMIS. Suggested changes include:

- ▶ Pay all employees with checks prepared after the actual period worked.
- ▶ Establish a single payday for 50% of the employees each week.
- ▶ Maintain a single payroll master file.
- ▶ Furnish the Treasury Department with a magnetic tape instead of punched cards.
- ▶ Provide the Treasury Department with a complete printed check.

Implementation will reduce computer time and clerical effort required to prepare payrolls and will produce an annual saving of \$863,000.

Records Management

Records management is the systematic control of paperwork and other documents from inception to destruction or retention in archives. In Pennsylvania, disposal is required for records which are four or more years old and no longer needed. Microfilm is accepted as legal evidence of an original and the Governor is responsible for implementing those statutes which apply to records management.

CURRENT OPERATING METHODS

Overall responsibility for a statewide records management program has been delegated to the Records Management Unit in the Bureau of Management Information Systems. Consisting of four employees, this group expends \$55,000 each year. In addition, each agency has one or more records coordinators.

The Pennsylvania Historical and Museum Commission's Bureau of Archives and History is the official repository for state records. The Division of Archives and Manuscripts is responsible for preserva-

tion and storage of permanent documents. It also works with county and municipal governments to establish local retention schedules. Staffed by 14 people, its yearly operating budget is approximately \$130,000. The State Records Center stores inactive documents which are to be destroyed after the requisite retention period. It has a staff of eight and a budget of \$50,000 per year.

The Records Management Unit has issued instructions to all agencies concerning inventory, analysis, scheduling, storage, and disposal of records. It has also established standards for efficient filing as well as methods to be used in submitting requisitions and justifications for microfilm and copying equipment.

At present, there are about 20,000 printed forms used throughout the state. Each agency designs, numbers, orders, and stocks its own. Several maintain warehouses to stock forms. Retention and disposal schedules exist for all agencies. Currently, an average of 14,600 cubic feet of records is moved

into the State Records Center annually. About 13,-000 cubic feet are disposed of each year.

APPRAISAL OF OPERATIONS

The records management program is well conceived and operates with reasonable success. However, much more can be done. The Division of Archives and Manuscripts is unable to fulfill its responsibility to provide guidance to municipalities.

Printed forms are increasing at an excessive rate despite efforts at control. Agencies are not advised as new or revised common-use forms are introduced while guidelines for economical form designs are lacking. Frequent out-of-stock situations arise because of inadequate initial order quantities.

Although all agencies have approved retention and disposal schedules, many have not been updated for several years. The approval process for new schedules is inefficient. Records showing the amount of active files in each agency are not maintained and the technique of microfilming is underutilized. The present records management system lacks enforcement and agency compliance with guidelines is not audited to identify problem areas.

RECOMMENDATIONS

1. Institute a statewide forms management program and establish an auditing team to ensure agency compliance with guidelines.

Currently, forms management entails little more than drafting, assigning a number, and ordering the required stock. Control personnel are ineffective in challenging either the need for or design of new forms. Out-of-stock conditions arise frequently and result in costly reorders.

The Office of Administration should develop and issue guidelines for implementing and maintaining an effective forms management program. Agencies should be required to document each new or revised form with a flow chart, distribution information, and calculation on initial order quantities as well as monthly usage rates.

A two-man auditing team should be established by the office to review and evaluate each agency's compliance with these guidelines. The annual cost would be \$25,000.

A well conceived and properly enforced program could eliminate 10% of the 20,000 forms now in use through better systems analysis. Another 10% could be eliminated through development of more common-use forms. At an average cost of \$250,

elimination of an estimated 4,000 forms would save the Commonwealth of Pennsylvania approximately \$1-million annually.

2. Require each agency to review and update its record retention schedules.

At the time these schedules were introduced, agencies were asked to inventory their records and assign retention periods. It is now necessary for them to revise these schedules to accommodate new items, delete obsolete material, and combine related information. In addition, the original schedules often provided for overly long retention periods.

Shorter requirements would reduce the volume of files stored in active areas as well as in the State Records Center. A directive should be issued requiring agencies to review and update existing schedules. Shortened retention periods could release as much as 50,000 square feet from active files as well as providing for destruction of many records now in the center.

3. Commission a task force to develop a comprehensive State Records Act and to investigate the feasibility of establishing a central microfilm service.

Although Pennsylvania has several statutes pertaining to the disposition of useless records and the substitution of microfilm for original copies, these need to be updated and expanded to cover all aspects of records management. A State Records Act, similar in scope to those enacted in Illinois and Oklahoma, should be drafted. It would provide:

- ▶ Definitions of records and nonrecords.
- ▶ Rights of public access.
- ▶ Establishment of record retention periods.
- ▶ Provisions for storage in the State Records Center.
- ▶ Reports of record volumes stored by agencies.
- ▶ Support to local governments in the records management area.
- ▶ Acceptance of microfilm as a space-conserving substitute for original documents.
- ▶ Evaluation of agency compliance with statute requirements.

Additionally, this act should provide for establishment of a State Records Board to approve retention schedules as well as a revision of the current requirement to maintain records at least four years.

A second study should be instigated to appraise the feasibility of establishing a central microfilm organization in a general service group to supply agency needs. Mobile equipment could be provided to perform on-site work for various departments.

4. Reassign the responsibility of assisting local governments with records management program development to the Department of Community Affairs.

The Pennsylvania Historical and Museum Commission now works with local governments to set up records retention schedules and programs. This is done only on a part-time basis. Since the Department of Community Affairs is already charged with pro-

viding technical and advisory services to local governments, this function would be more logically located there.

5. Transfer the Bureau of Land Records from the Department of Community Affairs to the closely related Pennsylvania Historical and Museum Commission.

This bureau is the depository for early land records of Pennsylvania. Its business includes conducting searches of its records for data of an historical, genealogical or technical nature. Assignment of this bureau to the Pennsylvania Historical and Museum Commission will bring together two closely related operations. No savings are claimed.

Space Utilization

The Deputy Secretary for State Properties is responsible for providing space to house government activities. The Space and Facilities Planning Unit surveys requirements and makes allocations for all agencies in state-owned or leased buildings. The Bureau of Real Estate and Insurance functions as the real estate agent for the commonwealth.

CURRENT OPERATING METHODS

When a department needs additional space, it requests an assignment from the Space and Facilities Planning Unit. Using an established formula, the unit computes the amount of space to be allocated. If an area is available in a state building, an assignment is made. If no space is available, the request is forwarded to the Bureau of Real Estate and Insurance for possible lease action.

APPRAISAL OF OPERATIONS

There is no complete inventory of the buildings and floor space leased or owned by the commonwealth. What records do exist are incomplete and not up to date. Space is underutilized in some areas and overcrowded in others. Standards, while adequate, are not enforced.

RECOMMENDATIONS

1. Require the Office of Administration in the Governor's Office to establish a statewide space management program.

This office should be responsible for the formulation of an administrative program in regard to space

utilization. Enforcement would be the duty of the Secretary of Property and Supplies and an annual audit of the program's effectiveness should be implemented.

2. Develop and maintain a long-range plan to meet space needs in the commonwealth.

The absence of long-range planning has made it impossible for the commonwealth to meet future space requirements in state buildings. A start toward developing the needed plan has been made. When it is fully developed, a method for updating the program should be established. The commonwealth should provide the necessary staff to handle this function. The annual cost is estimated at \$30,000.

3. Evaluate the cost of occupancy before constructing or leasing office or building space.

The annual net cost of occupancy per square foot can be a valuable tool in choosing the proper course of action with regard to meeting space needs. Providing space based on adequate cost information should provide an annual saving of at least \$150,000.

4. Establish landlord/tenant relationships between the Department of Property and Supplies and the various agencies occupying state building space.

Agencies tend to think of occupied property as theirs and oppose reassignment of space to other operations. In addition, several agencies have leased portions of their areas to other units or outside concerns.

Cash Management

Cash management is the timely collection, processing, deposit, investment, and disbursement of all funds flowing into and out of the commonwealth. Responsibility for this activity is divided into two parts. The first includes the collection and processing functions. The second is composed of deposit, investment, and disbursement operations. Collection and processing functions are divided among every department and agency within the state government with concentration in the Department of Revenue. Deposit, investment, and disbursement functions rest with the Treasury Department. This report limits itself to the collection and processing functions.

CURRENT OPERATING METHODS

More than \$6.7-billion flows into the commonwealth from approximately six sources: taxes, incoming federal funds, outgoing federal and municipal funds, licensing and fee, service, and sales revenues. Collecting and processing of tax monies rest primarily with the Department of Revenue. It is organized along vertical lines with separate bureaus for each type of tax. Payments are remitted directly to each bureau's main office in Harrisburg or indirectly through a district agent or office. Revenues are in the form of checks. The only revenue tax not handled by the department is the corporate excise tax which is collected by the Department of State. Income from taxes for fiscal 1971 totaled more than \$3.8-billion.

Incoming federal funds come to the commonwealth as a result of joint federal/state projects. They are remitted in the form of treasury checks or draws under letters of credit opened in favor of the commonwealth by the federal government. The responsibility for collection and processing rests with the department administering the program or project involved. In fiscal 1971, these federal funds totaled almost \$1.4-billion.

The Department of Labor and Industry acts as an agent for the federal government in collecting unemployment compensation contributions from participating employers in Pennsylvania as well as social security contributions from public employers. Collections, in the form of checks, are received at the department's main office in Harrisburg and subsequently transferred to the federal government. These funds amounted to \$370-million in fiscal 1971. The Municipal Employees' Retirement Board and the Public School Employees' Retirement Board collect

members' and employers' contributions to the two funds. The checks are sent to the boards' main offices in Harrisburg. In fiscal 1971, the contributions reached a total of more than \$152-million.

Almost every department or agency is responsible for issuing some form of license or administering a program which has a fee connected with it. In nearly every case, the organization is also responsible for collection and processing of the revenue involved. Payments may be remitted directly to a main office in Harrisburg or made indirectly through a district office or agent. For fiscal 1971, the licensing and fee revenue was more than \$331-million.

Collection and processing of service revenues rests primarily with the Departments of Health, Public Welfare, and Education. Collections represent payments from state hospitals and state colleges. Student tuition and patient remittances are received at the institutions where they are processed and forwarded to Harrisburg. Service revenues for fiscal 1971 were more than \$113-million.

The commonwealth receives sales revenue from the Pennsylvania Turnpike Commission and the Pennsylvania Liquor Control Board, both of which operate as quasi-independent corporations. The Pennsylvania Turnpike Commission collects, processes, deposits, invests, and disburses funds resulting from toll income. Remittances are primarily cash collected at the booths. Money is deposited in local banks and transferred by wire to the commission's general account. Revenue for fiscal 1971 amounted to more than \$74-million. The Pennsylvania Liquor Control Board collects and processes revenue from the sale of liquor in the commonwealth. Remittances are mostly cash collected at the state stores. Money is normally deposited at local banks and transferred to the state treasury via drafts mailed from the stores to the board's Harrisburg office. In fiscal 1971, income totaled \$500-million.

All funds flow to the state treasury for deposit, investment, and disbursement. However, in some cases, there are several intermediate steps between the source of revenue and the Treasury.

APPRAISAL OF OPERATIONS

With a few notable exceptions, the various departments, bureaus, and agencies responsible for the collection and processing functions are performing

in an unacceptable manner. These responsibilities are so widely diffused—both from the functional and the physical standpoint—that there are in existence hundreds of different systems and procedures with associated personnel and equipment. Funds are not received on a timely basis. Once received, they are not promptly identified and the processing which follows is time-consuming and does not give absolute priority to large dollar items. In addition, the process of forwarding funds to the state treasury has numerous duplications and unnecessary audit controls associated with it.

Fund flows have monthly, quarterly, and annual peaks. Attempts to gear the work force at each

collection point to these peaks have not been successful. The professional expertise which is vital to an efficient cash management operation is lacking because of the high turnover in departments which depend on patronage personnel. The objective of any cash management system is to receive funds on a timely basis and deposit revenues on the day of receipt for subsequent investment. At present, only the Pennsylvania Turnpike Commission can be said to operate a system which meets this objective. Specific recommendations to improve cash management functions in the commonwealth have been made in the various department reports which preceded this section.

Building Construction

Nonhighway building activities are handled by the General State Authority, the Bureau of Engineering and Construction in the Department of Property and Supplies, the Bureau of School Construction in the Department of Education, the State Public School Building Authority, and the Pennsylvania Higher Education Building Authority. Expenditures total more than \$600-million annually.

CURRENT OPERATING METHODS

At present, nonhighway construction activities are managed principally by five separate agencies. The General State Authority serves as the commonwealth's principal agency for capital asset financing and construction. The Bureau of Engineering and Construction handles about \$10-million annually in projects which are primarily facilities improvement or repair. The Bureau of School Construction reviews plans for school building with local districts. The State Public School Building Authority is also involved in finance and construction activities in the area of basic and secondary education. The Pennsylvania Higher Education Facilities Authority provides similar services to the commonwealth's nonprofit colleges and universities.

APPRAISAL OF OPERATIONS

Construction management functions in the commonwealth are highly fragmented. Expertise in modern building techniques is limited and what capability does exist is not effectively used. Research and development activities are lacking.

RECOMMENDATIONS

1. Create a Department of Building Construction to consolidate activities in this area.

A department is needed to consolidate building construction activities which are now handled by five separate agencies. Services would include construction management assistance to local school districts on an optional basis. The proposed department, shown in the chart on the following page, would include the following:

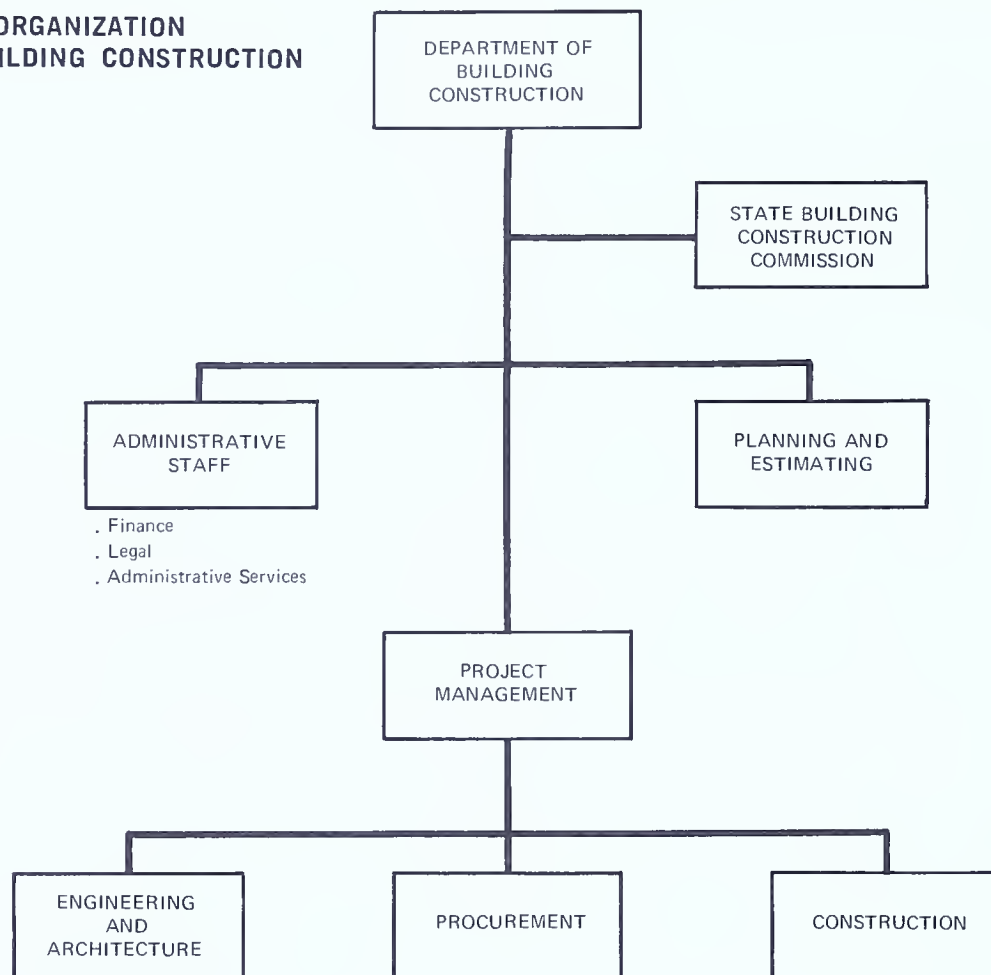
- ▶ State Building Construction Commission: Exercise policy rights over building programs initiated by the commonwealth.
- ▶ Administrative Staff: Provide financial and legal services as well as administrative functions.
- ▶ Planning and Estimating: Supply a service capability to both state and local agencies and institutions.
- ▶ Project Management: Include responsibility for engineering and architecture, procurement, and construction on a project basis.

Implementation would result in an estimated annual saving of more than \$14.1-million.

2. Install a project management concept in design and construction activities.

There is no group within the General State Authority which has total responsibility for completion of a project. Installation of the project management concept will have many benefits including elimination

**PROPOSED ORGANIZATION
DEPARTMENT OF BUILDING CONSTRUCTION**



of waste and substantial annual savings. Necessary ingredients for successful project management include:

- **Scope:** The project manager participates in the determination of the physical description and performance criteria of the project. He has complete understanding of the user's requirements and knows what the job is to accomplish and the benefits to be derived by completion.
- **Schedule:** The project manager knows the time requirements for design, purchasing, delivery, fabrication, construction, and start-up. He is responsible for supervising all areas of work and may make whatever changes are necessary to complete the job on schedule including seeking outside help.
- **Budget:** The project manager participates in the budget preparation so that sufficient funds are authorized and he is responsible for bringing the work in on budget.

It is mandatory that the project manager be given these responsibilities and be allowed to cross organizational lines to accomplish the objectives. He must

also give necessary management attention to new developments or ideas which could make the project more successful or economical. Implementation is expected to provide annual savings of more than \$10.6-million. Annual cost is estimated at approximately \$472,000.

3. Give the General State Authority the option of awarding prime construction contracts when warranted.

Although this option exists for the Bureau of Engineering and Construction, the GSA is required by law to make multi-contract awards. Although in most cases this is economical, there are times when single control would be better such as:

- Instances where the resident inspector does not have the ability to administer a multi-contract job.
- Projects that are predominantly one class of work so the single contractor's fee for supervision is very small.
- Jobs which are so complex that single control is required.

4. Delegate resident inspections to contracted architectural/engineering firms and reduce the state inspection forces.

Supervision of construction projects accounts for an estimated 5% of the total cost. By reducing state inspections to final and key reviews and substituting contracted services for resident inspections, an annual saving of almost \$5.2-million could be realized. The annual cost will be about \$2.8-million.

5. Require a department recommendation for or against a capital expenditure as part of the legislative information packet.

Before a vote is taken on capital expenditures, the Legislature should have a pro or con recommendation from the secretary of the proposed department. Additional facilities should be justified by overall objectives, return on capital investments, and other established priorities.

Licensing

More than 300 types of licenses, permits, and certificates are issued by various state government agencies and departments.

CURRENT OPERATING METHODS

Annual income from fees charged for licenses and renewals exceeds \$215-million of which \$183-million is associated with motor vehicle registration, highway usage, and operators' licenses. While the majority of the charges are prescribed by law, each agency has a large measure of control over the manner of issuing and enforcing its licenses.

Throughout the commonwealth, there is wide variation in charges for applications and licenses. A number of agencies issue free licenses or certificates either as a general practice or in special instances judged to be in the public interest. Enforcement activities also vary greatly in quality and quantity. Several agencies maintain statewide field representatives to investigate complaints and enforce compliance with statutory requirements.

APPRAISAL OF OPERATIONS

The large number of agencies performing licensing activities results in substantial cost duplications for issuance and enforcement. Fees frequently do not cover the costs involved while many investigators are not technically qualified in their field.

The commonwealth is incurring unnecessary expense by providing free licenses and certificates to certain professional and commercial activities. The efficiency of the various licensing and enforcement operations varies widely with permits issued per employee ranging from about 1,500 to less than 10 per year.

Several of the larger agencies are subject to peak periods which result in reduced efficiency or wide

variations in staff requirements. Many of the professional and occupational licensing boards do not have representatives of the general public.

RECOMMENDATIONS

1. Adjust schedules for non-motor vehicle license fees to cover costs of issuance and enforcement.

Present fees frequently do not cover the costs incurred by issuing agencies nor do they reflect the value of the license and related services to the licensees. Most renewals cost less than \$6 per year. A sample of typical agencies not covered elsewhere in this report had a total of \$2.7-million in revenue from licensing fees while the estimated cost of issuing the licenses exceeded \$6.3-million.

Resulting deficits are paid from the general fund in most cases. Adjusting schedules to cover costs for non-motor vehicle licensing activities will result in additional annual income of \$3.6-million. Periodic reviews should be made of these schedules to keep fees up to date.

2. Charge reasonable fees for professional and commercial licenses, certificates, and permits presently issued free of charge.

The commonwealth is incurring substantial unnecessary expense through the issuance of free licenses and certificates. Fees commensurate with their economic value or at least sufficient to cover the cost of issuance should be established for many of these licenses.

Since a majority of the agencies issuing free licenses and certificates already charge for other types, the cost of implementation would be negligible. In most cases, these agencies have sufficient legislative authority to establish charges. The estimated annual income would be \$625,000.

3. Consolidate licensing and enforcement activities in the larger divisions and bureaus.

In several departments, a variety of license issuing and enforcement functions are fragmented into small units with unnecessary duplications in personnel. Such operations should be merged with similar but larger activities in their respective departments. The annual saving through more efficient operation and decreased staff requirements is estimated at \$262,000.

4. Conduct a cost/benefit analysis of the proposed licensing data system being considered by the Commissioner of Professional and Occupational Affairs.

The annual number of transactions appears too small to justify the expense of an on-line system. A more effective utilization of the present office force and some upgraded filing equipment would probably

provide adequate administration of the transactions at little cost increase.

5. Improve the efficiency of the Office of the Commissioner of Professional and Occupational Affairs.

It appears that relatively minor organizational and procedural changes would greatly reduce many problems. In particular, license renewal dates should be staggered to equalize the annual work load.

A Test Administration Unit should be created to improve service in this area and the recordkeeping practices should be updated. In addition, an attorney should be assigned to Philadelphia as a preliminary hearing examiner and training programs should be developed for enforcement personnel. Minor legislation should also be drafted to regularize and clarify the various licensing acts.

Printing and Duplicating

Printing and related services purchased or conducted by the commonwealth include art work, publications design, composition, platemaking, printing, duplicating, finishing, and office copying.

CURRENT OPERATING METHODS

Commercial printing work is purchased through the Department of Property and Supplies. In-house printing and duplicating is done by the various agencies in a wide variety of facilities. There are also a large number of office copying machines owned or leased by the commonwealth. The fiscal 1971 cost for commercial and in-house services is estimated at \$12-million. In-house work is done by 31 agencies, excluding prisons and state colleges, in 42 shops of which 27 are within a 10-mile radius of the capitol complex. These shops employ approximately 345 people.

APPRAISAL OF OPERATIONS

The in-house facilities operate at extremely low efficiency. In some cases, equipment is idle because of the lack of operators. In others, the reverse is true. The large number of such operations result in many more supervisory, operating, and support personnel than would be required by a centralized facility. There is an almost total lack of uniform standards and effective controls for costs, productivity, quality, scheduling, and so on.

At present, there is considerable interest in acquiring more composing equipment. However, it is unlikely that such equipment will be used any more efficiently than the conventional printing/duplicating machines which they would replace or supplement. As the agencies have almost exclusive control over the format of printed material to be produced commercially, the resulting publications appear excessively elaborate.

RECOMMENDATIONS

1. Create and establish a Bureau of Printing and Duplicating.

Present independent facilities operate at extremely low efficiency levels with excessive duplication of personnel, space, and equipment. In addition, there are a number of leased and owned copiers which operate at about 8% of rated output. Substantial savings and a higher grade of service could be provided by establishing a Bureau of Printing and Duplicating to carry out the following responsibilities:

- Operate existing printing/duplicating equipment in the capitol complex.
- Establish six to 10 efficient printing/duplicating centers in the complex based on geographical proximity, peak and average production requirements, and special agency needs such as security.

- Develop quality, performance, maintenance, and replacement standards as well as a job pricing schedule to charge back costs to user agencies.
- Provide standards for equipment acquisition, allocation, and disposal for facilities outside the capitol complex.
- Establish and maintain an appropriate number of self-service copying centers in major buildings and allocate additional copiers to outlying offices on the basis of need.

Implementation will require a one-time cost of \$49,300. The annual saving is estimated at almost \$1.3-million.

2. Establish a uniform, simplified procedure for procurement of commercial printing.

The growth of in-house facilities is aided by the delays in getting approvals of printing estimates for commercial work and awarding contracts. There does not appear to be any reason for the processing cycle to require three to four months. Several steps should be taken to reduce the time involved:

- Eliminate the requirement for legal approval of the contract by developing standard conditions

of purchase with preapproved supplementary clauses for use in special cases.

- Drop central accounting approval of the low bid. The Director of the Bureau of Publications should be able to show why a particular vendor was selected so this step is unnecessary.
- Cease the practice of submitting expenditures for central budget approval. As the requesting agency has an approved printing budget, this step is redundant.
- Emphasize proofreading at the printer whenever feasible, guaranteed proofing by the printer or exact reproduction of copy composed on in-house facilities.
- Reduce the time cycle by providing agencies with a simplified estimating schedule to be supplemented by telephone consultations with the Bureau of Publications.
- Hand carry important jobs through the necessary steps.

The Bureau of Publications and the Office of Administration should be able to implement this proposal as part of their normal operations.

Mail and Messenger Service

The commonwealth uses regular mail for statewide communications and operates pouched mail services between Harrisburg, Philadelphia, and Pittsburgh. Agencies either operate their own service or use the central mailroom operated by the Department of Property and Supplies.

CURRENT OPERATING METHODS

Commonwealth agencies operate more than 50 mailrooms which employ a total of 400 people at an average salary of \$5,000 annually. These facilities process 180-million pieces of mail per year.

Small agencies provide morning and afternoon pickups at the central mailroom run by the Department of Property and Supplies. Large agencies deliver directly to the addressee's mailroom. U. S. mail is delivered once a day and picked up four times daily by the post office. Most agencies send messengers to the post office several times a day rather than wait for the next day's delivery.

Estimated delivery times for the mail services are generally two hours for intra-agency deliveries and from one day to three weeks for interagency mail with an average time of three days. There are 33 state-owned addressing machines with a rated capacity of 6,000 units per hour. Each mailroom also has one or more postage meters and several use automatic inserting machines.

APPRAISAL OF OPERATIONS

The apparent economy of commonwealth mail services—\$0.016 per piece exclusive of U. S. postage—appears to be due more to relatively low salary and space costs than to efficient operation. A major indication of inefficiency is the variation in the annual number of pieces processed per employee in the various mailrooms. This ranges from less than 10,000 to more than 2.8-million. In addition, there is considerable overall evidence of poor use of the mailing machines.

Considerable equipment and personnel duplication exists in the messenger services operated by the mailrooms. However, the major problem with the mail service is a lack of user confidence stemming from a fairly high incidence of delays. There is a need for generally accepted performance standards, a clearly defined equipment acquisition policy, and establishment of training programs to build or maintain special skills.

RECOMMENDATION

1. Establish a position of Director of Commonwealth Mail Services to coordinate agency mail and messenger services and facilities.

Different agencies operate more than 50 mailrooms, often several to a building. Wide variations in personnel efficiency and equipment utilization exist and there are no generally accepted standards governing these operations. In addition, there is such a lack of confidence in the general service that important mail tends to be "hand carried" to assure delivery.

The position of Director of Commonwealth Mail Services should be established with the following responsibilities and authority:

- ▶ Provide a central mailroom which can supply efficient general services to small agencies, including pickup and delivery, sorting, address list maintenance, machine addressing, inserting, weighing, and postage metering.
- ▶ Operate a quick, efficient messenger service to include all mailrooms in the Harrisburg areas.
- ▶ Enforce standards for mail equipment acquisition, allocation, and maintenance as well as vehicle allocation to agency mailrooms.
- ▶ Provide performance standards and measurement methods for mailrooms and employees, with periodic reviews of performance against these standards.
- ▶ Establish training courses and motivational programs for mailroom employees.
- ▶ Use expert consulting services to assist agencies to improve their mail handling operations.

It is anticipated that significant economies will result from phasing out inefficient mailrooms. A conservative estimate of the potential annual savings is \$222,000. The annual cost would be \$43,000.

SECTION VII

Digest of Recommendations

The Governor's Review of Government Management – 1972



Digest of Recommendations

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
Governor's Executive Office			
1. Modernize the office layout and consolidate staff members on the executive and second floors of the Capitol Building.	Executive	One-time Cost	\$ 75,000
2. Establish secretarial and clerical pools in the Governor's Executive Office.	Executive	Annual Saving	\$ 42,000
Office of Administration			
1. Centralize payroll and accounts payable processing for the Departments of Education and Public Welfare.	Executive	Annual Saving	\$ 713,000
2. Use statistical sampling techniques instead of complete pre-audits of transaction documents.	Executive	Annual Saving One-time Cost	\$ 1,030,000 \$ 10,000
3. Pay invoices within 30 days.	Executive	Annual Saving Annual Cost	\$ 1,560,000 \$ 300,000
4. Restructure the Governor's Cost Reduction Program.	Legislative	Annual Saving Annual Cost	\$ 7,900,000 \$ 57,500
5. Improve the line and staff controls within the Bureau of Management Information Systems.	Executive		
6. Reduce the amount of nonproductive computer time.	Executive		
7. Use magnetic tape instead of cards for accounts payable processing.	Executive	Annual Saving One-time Cost	\$ 3,600 \$ 500
8. Eliminate the 70/60 computer and related equipment in the Bureau of Management Information Systems.	Executive	Annual Saving Annual Cost One-time Cost	\$ 361,000 \$ 65,400 \$ 10,000
9. Decentralize the CMIC payroll data reduction function.	Executive	Annual Saving	\$ 145,000
10. Reduce the number of paid holidays per year to 12.	Executive		
11. Revise the employee sick leave policy and improve the recordkeeping, administration, and control.	Executive		
12. Revise the employee vacation policy.	Executive	Annual Saving	\$ 2,230,000
13. Negotiate a cost-plus plan for health, surgical, and major medical insurance subject to a maximum premium based on current rates.	Executive	Annual Saving	\$ 1,950,000
14. Require Blue Cross to submit a quarterly utilization report for Blue Cross, Blue Shield, and major medical insurance.	Executive		

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
15. Require a three-month waiting period before employees become eligible for medical insurance coverage.	Executive	Annual Saving	\$ 654,000
16. Institute comprehensive pre-employment physical examinations.	Executive		
17. Develop a coordinated employee compensation program.	Executive	One-time Cost	\$ 30,000
18. Eliminate the Council for Human Services.	Executive	Annual Saving (State)	\$ 110,000
		Annual Saving (Federal)	\$ 280,000

Office of the Budget

1. Revise the content and publication schedule of the Program Planning Guide to provide the Governor with an effective leadership tool.	Executive		
2. Document budget procedures.	Executive	One-time Cost	\$ 25,000
3. Schedule, administer, and report on all budget cycle events.	Executive		
4. Institute a program overview to prevent duplication.	Executive		
5. Relocate the program audit function and increase the staff.	Executive	Annual Cost	\$ 160,000
6. Increase the limit for interim borrowing against tax receipts.	Legislative		

State Civil Service Commission

1. Modernize the Civil Service Act and Rules.	Legislative		
2. Modify the functions and duties of the three commissioners.	Legislative		
3. Change the work and procedures of the Bureau of Examinations.	Executive	Annual Income	\$ 4,500,000
		Annual Cost (Federal)	\$ 4,500,000
		One-time Cost	\$ 40,000
4. Reorganize the Bureau of Data Processing and redefine its mission.	Executive	Annual Saving	\$ 273,000
5. Complete present computer applications for the large volume areas of the Eligibles Certification Division and program remaining functions at the same time.	Executive	Annual Saving	\$ 58,000
6. Eliminate the hard copy personnel records maintained on civil service employees and discontinue the 100% pre-audit of employee transactions.	Executive	Annual Saving	\$ 86,000

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
7. Combine the training staff of the State Civil Service Commission with the Training Division of the Bureau of Personnel in the Office of Administration.	Executive	Annual Saving	\$ 44,600
8. Change the funding of the civil service program to direct general fund appropriations.	Executive	Annual Saving	\$ 20,300
9. Amend civil service rules to allow a broader selection of employees.	Legislative		

Department of Property and Supplies

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| 1. Reorganize the Department of Property and Supplies and rename it the Department of General Services. | Legislative |
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Bureau of Purchases

2. Reduce the number of administrative officers.	Executive	Annual Saving	\$ 26,400
3. Reduce the staff of the Bid Opening and Security Unit.	Executive	Annual Saving	\$ 10,600
4. Minimize or eliminate vendor security requirements on bid proposals for purchases of goods or services.	Legislative	Annual Saving	\$ 1,170,000
5. Increase the bureau's authority to make purchases without formal proposals from \$50 to \$1,500.	Legislative	Annual Saving	\$ 32,000
6. Update and revise the commodity catalog.	Executive		
7. Provide a procedures manual for buyers' guidance.	Executive		
8. Initiate a continuing training program for buyers.	Executive		
9. Consolidate the reproduction services functions of the Purchasing Services Division and the Office Services Division of the Bureau of Administrative Service.	Executive		
10. Automate constant data used in preparation of schedule and period contracts.	Executive	Annual Saving	\$ 53,400
11. Purge bidders' lists and establish a vendor rating system.	Executive	Annual Saving Annual Cost	\$ 38,400 \$ 8,300
12. Raise the dollar amount on field-limited purchase orders to \$500.	Executive	Annual Saving	\$ 75,300

Bureau of Standards

13. Charge prospective vendors for specifications.	Executive	Annual Income Annual Cost	\$ 45,000 \$ 1,300
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RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
14. Reorganize the field inspection operations.	Executive	Annual Saving Annual Cost	\$ 107,000 \$ 41,800
15. Reduce the number of purchase specification writers.	Executive	Annual Saving	\$ 33,300
Bureau of Real Estate and Insurance			
16. Develop a policies and procedures manual for the bureau and initiate a personnel training program.	Executive	One-time Cost	\$ 5,000
17. Simplify the procedure for approving leased office space for state agencies.	Executive		
18. Place responsibility for negotiation of and accounting for leases on state-owned land and buildings in the Real Estate Division.	Executive		
19. Invest commissions from insurance premiums in certificates of deposit.	Executive	Annual Income	\$ 3,200
20. Transfer the disposition of state-owned properties from the Claims Settlement Division in the Department of Public Welfare to the Bureau of Real Estate and Insurance.	Legislative	Annual Income One-time Income	\$ 1,800 \$ 36,300
21. Reassign the work loads and territories of the real estate representatives.	Executive	Annual Saving	\$ 34,200
22. Establish a State Insurance Fund which will reimburse the commonwealth or its agencies for loss or damage to property not otherwise insured.	Executive		
23. Consolidate and standardize insurance policy limits and conditions of liability.	Executive	Annual Saving	\$ 146,000
24. Consolidate and standardize insurance limits and conditions of liability on aircraft coverage.	Executive	Annual Saving	\$ 86,300
25. Cancel the three boiler and machinery policies carried by the commonwealth.	Executive	Annual Saving	\$ 83,800
26. Cancel all fine arts insurance policies.	Executive	Annual Saving	\$ 1,700
27. Consolidate insurable properties under a blanket fire and extended coverage, vandalism, and malicious mischief policy with a \$500,000 deductible for each loss.	Executive	Annual Saving	\$ 118,000
28. Cancel money and securities, burglary, robbery, and mercantile open stock burglary policies where loss exposure does not exceed \$500,000.	Executive	Annual Saving	\$ 7,000
29. Review the policy carried by the Pennsylvania Turnpike Commission which covers bridges, overpasses, underpasses, culverts, and tunnels.	Executive		

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
30. Cancel the all-risk policies carried by various departments and agencies.	Executive	Annual Saving	\$ 5,700
31. Consolidate existing bonds into one with a limit of \$1-million.	Executive		
32. Change the procedure for selecting agents, brokers, and insurance companies.	Executive		
33. Restore the insurance commission retained by the commonwealth to 10%.	Legislative	Annual Income	\$ 82,000
34. Change the internal procedure for paying insurance premiums and handling brokerage commissions reimbursed to the commonwealth.	Executive		
35. Reorganize the Bureau of Real Estate and Insurance.	Executive		

Bureau of Engineering and Construction

36. Develop a system to reduce peak loads in this bureau's operations.	Legislative	Annual Saving	\$ 1,190,000
37. Update engineering standards and allow for introduction of new ideas and materials.	Executive		
38. Institute a preventive maintenance program.	Executive		

Bureau of Grounds and Buildings

39. Establish work standards, schedules, and training programs for the custodial, housekeeping, and gardening personnel.	Executive	Annual Saving Annual Cost One-time Cost	\$ 1,150,000 \$ 544,000 \$ 110,000
40. Charge agencies using special services of the craft shops.	Executive	Annual Saving	\$ 126,000
41. Scrub floors at night instead of during the day.	Executive		

Bureau of Administrative Services

42. Provide adequate administrative direction and support for the Central Warehouse Section.	Executive		
43. Improve supervisory performance in the central warehouse.	Executive		
44. Modernize the inventory records and procedures used by the warehouse.	Executive	Annual Income One-time Saving	\$ 15,400 \$ 307,000

Bureau of General Services

45. Improve personnel administration procedures in the Capitol Police Division.	Executive		
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Department of Revenue

1. Reorganize the Department of Revenue.	Legislative	Annual Saving Annual Income Annual Cost	\$ 3,670,000 \$ 5,310,000 \$ 1,770,000
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RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
2. Establish a Bureau of Collections within the Department of Revenue to be responsible for all collections of revenue except those which logically belong in other areas.	Executive	Annual Saving Annual Income One-time Saving	\$ 941,000 \$ 5,070,000 \$101,000,000
3. Require racing associations to wire tax proceeds from each racing day to the state account in Philadelphia.	Executive	Annual Income	\$ 58,000
4. Extend civil service coverage to include all employees in the Department of Revenue below the policymaking level.	Executive		
5. Supplement the present program for collecting delinquent corporation accounts and authorize department attorneys to enforce judgments.	Legislative		

Bureau of Taxes for Education

6. Change the due date for accounts remitting more than \$600 monthly.	Legislative	Annual Income	\$ 2,250,000
7. Use the receipt date instead of the postmark to determine discount.	Executive	Annual Income	\$ 33,000
8. Mechanize the manual processing functions.	Excutive	Annual Saving Annual Cost One-time Cost	\$ 649,000 \$ 150,000 \$ 500,000
9. Open a post office box for all accounts paying more than \$5,000 per month.	Executive	Annual Income	\$ 240,000

Bureau of County Collections

10. Reorganize the field offices of the Inheritance Tax Division.	Legislative	Annual Saving	\$ 1,020,000
11. Standardize inheritance tax forms and related procedures.	Executive	Annual Saving	\$ 12,000
12. Pick up bureau mail at the post office.	Executive	Annual Income	\$ 27,500
13. Install a bookkeeping machine in the Miscellaneous License Division.	Executive	Annual Saving One-time Cost	\$ 34,000 \$ 150
14. Require financial institutions to hold in escrow the taxable amount of joint bank accounts.	Legislative	Annual Income	\$ 2,340,000
15. Require the County Registrars of Wills to submit interim cash collections of inheritance taxes on the fifteenth of each month.	Legislative	Annual Income	\$ 125,000

Bureau of Corporation Taxes

16. Establish a complete data base for an on-line computer system to handle corporation tax returns.	Executive	Annual Saving Annual Cost One-time Cost	\$ 305,000 \$ 77,900 \$ 53,600
17. Open a post office box and give priority processing to all accounts remitting more than \$25,000.	Excutive	Annual Income	\$ 600,000

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
18. Modernize settlement and resettlement procedures for corporation taxes.	Legislative	Annual Saving	\$ 10,800
Bureau of Cigarette and Beverage Taxes			
19. Use receipt date instead of postmark to determine when payment is received from participating banks and cigarette stamping agents.	Executive	Annual Income	\$ 13,500
20. Deposit all cigarette and beverage remittances daily.	Executive	Annual Income	\$ 29,600
21. Pass the cost of printing decal cigarette tax stamps on to the user.	Executive	Annual Saving	\$ 30,000
22. Change the compensation level for cigarette taxing agents.	Legislative	Annual Saving	\$ 4,900,000
23. Require collecting banks to remit funds from the sale of cigarette stamps on the fifteenth and thirtieth of each month.	Executive	Annual Income	\$ 357,000
24. Eliminate credit sales of stamps to agents.	Executive	Annual Income	\$ 375,000
25. Increase the fee for wholesale and cigarette stamping agent (CSA) licenses.	Legislative	Annual Income	\$ 110,000
26. Increase the fee for retail and vending machine licenses.	Legislative	Annual Income	\$ 400,000
27. Require manufacturers and distributors of malt beverages to remit revenues collected during the month on the fifth day of the following month.	Legislative	Annual Income	\$ 50,000
Bureau of Liquid Fuels Tax			
28. Use the receipt date instead of the postmark to determine discount eligibility.	Executive	Annual Income	\$ 49,400
29. Require gasoline distributors to submit an estimated return on taxes collected 10 days after the end of the month.	Legislative	Annual Income	\$ 1,300,000
30. Require payers of the fuels use tax to remit funds on the fifteenth of the month following the month of operation.	Legislative	Annual Income	\$ 96,000
31. Restructure the fuels use tax to place the burden of taxation on the distributor.	Legislative		
32. Instruct state police on enforcement procedures for the motor carrier road tax.	Executive	Annual Income	\$ 500,000
Electronic Data Processing Staff Division			
33. Purchase certain machine components.	Executive	Annual Saving	\$ 343,000
34. Eliminate one seven-track tape drive from the computer configuration.	Executive	Annual Saving	\$ 6,000

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
35. Rent disk packs at a more competitive price.	Executive	Annual Saving	\$ 7,200
36. Reduce the staff and equipment in this division.	Executive	Annual Saving	\$ 236,000
37. Reduce the order for 160 key/edit keystations to 96 by scheduling a second shift operation within the Personal Income Tax Bureau.	Executive	Annual Saving Annual Cost	\$ 50,000 \$ 16,600
38. Consolidate the punch card machines within the Department of Revenue.	Executive	Annual Saving	\$ 30,500
39. Improve environmental controls in the computer room as well as file security of the Revenue Data Center.	Executive		
40. Establish machine and personnel performance measurements as well as modern scheduling techniques for use in the division.	Executive		

Department of State

1. Transfer the Corporation Bureau from the Department of State to the Department of Revenue.	Legislative	Annual Saving	\$ 234,000
2. Eliminate the position of Deputy Commissioner of Professional and Occupational Affairs.	Executive	Annual Saving	\$ 25,300
3. Institute an admissions tax on boxing and wrestling shown on closed circuit television.	Legislative	Annual Income	\$ 50,000

State Employees' Retirement Board

4. Adopt a crash program to eliminate the backlog in processing new annuities.	Executive	One-time Cost	\$ 25,000
5. Convert the board's operations to a fully computerized system serviced by the Bureau of Management Information Systems.	Executive	Annual Saving One-time Cost	\$ 160,000 \$ 50,000
6. Adopt interim administrative changes to provide early operating and service improvements.	Executive		
7. Cancel any proposed increases in retirement benefits pending overall revisions in the system.	Executive		
8. Establish a task force, appointed by the Governor, to formulate policy on retirement program objectives and to develop plans to implement it in coordination with other employee benefits.	Executive		
9. Revise the retirement plan to include lower benefits for future service only, simplification of the plan, and elimination of inconsistencies.	Executive/ Legislative	Annual Saving	\$ 40,000,000
10. Provide for mandatory retirement at 65 with limited flexibility for extensions and retirement replacements.	Executive	Annual Saving Annual Cost	\$ 27,000,000 \$ 18,000,000

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
11. Establish a one-year waiting period before new employees can join the retirement plan.	Legislative		
12. Establish more realistic actuarial requirements for the retirement plan.	Legislative		
13. Require state contributions to the retirement plan be made throughout the year.	Legislative	Annual Income Annual Cost	\$ 1,000,000 \$ 300,000
14. Authorize investment of retirement funds in equities up to at least 25% of the total value of the portfolio.	Legislative	Annual Income	\$ 10,000,000
15. Place management responsibility for fund investments in the hands of professional managers.	Executive		
16. Provide in-house capabilities for handling actuarial / financial / statistical studies needed for effective management.	Executive		
17. Develop a comprehensive employee communications program to explain the plan and periodically give individuals an estimate of benefits.	Executive		
18. Codify the rules, regulations, and interpretations currently governing the retirement plan's administration.	Executive		
19. Establish a separate retirement system for elected officials.	Legislative		
20. Consider merging the administrative staffs of the State Employees' and Pennsylvania Public School Employees' Retirement Boards.	Legislative		

State Tax Equalization Board

1. Eliminate the State Tax Equalization Board and transfer its functions.	Legislative	Annual Saving	\$ 50,200
2. Reduce the board's staff.	Executive	Annual Saving One-time Cost	\$ 61,900 \$ 900

Department of Banking

1. Reorganize the Department of Banking and transfer consumer-oriented activities to the Department of Justice.	Executive	Annual Saving	\$ 98,600
2. Abolish 16 vacant positions.	Executive	Annual Saving	\$ 206,000
3. Reduce the size of the examiner and clerical staffs.	Executive	Annual Saving	\$ 131,000
4. Reduce the number of examiners in the Banking Bureau by using the examination system and forms developed by the Federal Deposit Insurance Corporation.	Executive	Annual Saving	\$ 41,300

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
5. Adjust fees charged to state-chartered financial institutions to equal the department's cost of operation.	Executive	Annual Income Annual Cost	\$ 40,000 \$ 240,000
6. Cease publication of the Pennsylvania Securities Commission Annual Report.	Executive	Annual Saving	\$ 1,500
7. Replace the Pennsylvania Securities Commission with a single administrator.	Legislative	Annual Saving Annual Cost	\$ 39,000 \$ 19,000
8. Eliminate redundant examinations conducted by the Pennsylvania Securities Commission.	Executive	Annual Saving	\$ 109,000
9. Use the Federal Savings and Loan Insurance Corporation's computer-prepared examination data in the Savings Association Bureau.	Executive	Annual Saving	\$ 42,100

State Council of Civil Defense

1. Eliminate 10 persons currently employed by the council.	Executive	Annual Saving (State) Annual Saving (Federal) Annual Cost (State) Annual Cost (Federal)	\$ 34,100 \$ 34,100 \$ 5,600 \$ 5,600
2. Combine the communications networks now used by the State Council of Civil Defense and the Pennsylvania State Police.	Executive	Annual Saving (State) Annual Saving (Federal)	\$ 22,500 \$ 22,500
3. Transfer the council into the organizational structure of the state police.	Legislative	Annual Saving (State) Annual Saving (Federal) Annual Cost (State) Annual Cost (Federal)	\$ 86,500 \$ 86,500 \$ 7,500 \$ 7,500

Insurance Department

1. Increase the annual license fee for insurance brokers to \$35.	Legislative	Annual Income	\$ 225,000
2. Implement a computerized system for processing records and license renewals for insurance agents and brokers.	Executive	Annual Saving Annual Cost One-time Cost	\$ 30,000 \$ 4,000 \$ 26,000
3. Eliminate seven examiners and an actuarial assistant auditing company annual reports and replace their services with an existing commercial computer service.	Executive	Annual Saving One-time Cost	\$ 81,600 \$ 17,000

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
4. Assign the responsibility for the previously abolished management systems function to the Director of the Bureau of Administrative Services.	Executive		
5. Implement an orderly system for scheduling and processing annual reports from insurance companies.	Executive	Annual Saving	\$ 10,500
6. Reduce the format, size, content, and distribution of the Insurance Department's annual report.	Executive	Annual Saving	\$ 20,000
7. Relocate the Harrisburg regional office for policyholder services to the Finance Building.	Executive	Annual Saving One-time Cost	\$ 13,600 \$ 1,000
8. Eliminate eight of the persons employed in Policyholder Services.	Executive	Annual Saving	\$ 60,300
9. Eliminate the assistant director positions in the Bureau of Rates and the Bureau of Licenses as well as the currently vacant post of Deputy for Services and Enforcement.	Executive	Annual Saving	\$ 53,800
10. Reorganize the Insurance Department.	Executive/ Legislative	Annual Saving	\$ 75,600

Milk Marketing Board

1. Repeal the Milk Marketing Law.	Legislative	Annual Saving	\$ 990,000
2. Eliminate the Bureau of Enforcement.	Executive		
3. Transfer personnel, messenger, and budget functions to the Department of Agriculture.	Executive		
4. Give precision and accuracy tests to certified testers throughout the year and reexamine testers, weighers, and samplers before renewing their licenses.	Executive		
5. Change the basis for selecting the dealers used to determine a reasonable return level for prices.	Legislative		
6. Eliminate the Bureau of Consumer Affairs.	Legislative		
7. Strengthen the penalties for milk law violations.	Legislative		

Pennsylvania Board of Probation and Parole

1. Develop a simplified system to report investigation results and monitor parolees.	Executive	Annual Saving	\$ 1,150,000
2. Eliminate six regional offices authorized by the fiscal 1972 budget.	Executive	Annual Saving (State) Annual Saving (Federal)	\$ 70,000 \$ 210,000
3. Charge a fee for pre-sentence investigations and supervision of probation and parole cases requested by county judges.	Executive	Annual Income Annual Cost (Local)	\$ 800,000 \$ 800,000

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
4. Eliminate the Board of Probation and Parole and the Board of Pardons.	Legislative/ Constitutional	Annual Saving	\$ 737,000

Pennsylvania State Police

1. Eliminate seven area commander positions.	Executive	Annual Saving	\$ 160,000
2. Move the regional substations at Kiski Valley, Somerset, Bedford, Carlisle, Ephrata, Schwenksville, Fern Ridge, Rockview, and Stroudsburg into nearby turnpike or interstate substations.	Executive	Annual Saving Annual Income One-time Income	\$ 56,000 \$ 5,800 \$ 116,000
3. Integrate 19 interstate and turnpike substations into regional troop operations.	Executive	Annual Saving	\$ 855,000
4. Eliminate the troop commands at interstate and turnpike headquarters at Milesburg and Highspire.	Executive	Annual Saving	\$ 337,000
5. Combine certain proximate substations and troop commands and determine the feasibility of additional mergers.	Executive	Annual Saving Annual Income One-time Saving	\$ 1,140,000 \$ 23,100 \$ 462,000
6. Discontinue retail purchase of gasoline by turnpike patrol vehicles.	Executive	Annual Saving Annual Cost	\$ 118,000 \$ 43,200
7. Locate regional training courses for municipal police departments in existing state buildings rather than in new facilities.	Executive		
8. Revise the application sequence for potential state troopers.	Executive	Annual Saving	\$ 40,000
9. Increase fees charged by the State Police Academy for training municipal police.	Legislative	Annual Income Annual Cost (Federal)	\$ 88,300 \$ 88,300
10. Replace 57 unmarked highway patrol cars in the headquarters motor pool with intermediate sedans.	Executive	Annual Saving	\$ 34,200
11. Purchase patrol vehicles at the beginning of the model year.	Executive	Annual Saving	\$ 292,000
12. Replace 100 unmarked patrol cars used for investigation work with standard automobiles.	Executive	Annual Saving	\$ 54,000
13. Expedite replacement of two-man radar units with one-man equipment and reduce trooper strength accordingly.	Legislative	Annual Saving One-time Cost	\$ 207,000 \$ 9,000
14. Use civilians in certain noncritical jobs now performed by state police.	Executive	Annual Saving	\$ 1,210,000
15. Develop a more effective Planning and Research Division.	Executive	Annual Cost	\$ 84,700
16. Conduct a pilot program to evaluate the need for the proposed expansion of community relations officers.	Executive		

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
17. Eliminate the Data Net Communications System.	Executive	Annual Saving	\$ 72,000

Pennsylvania Public Utility Commission

1. Eliminate the transportation activities in the Investigation and Enforcement Division and transfer them to the Pennsylvania State Police.	Executive	Annual Saving	\$ 630,000
2. Increase the percentage of annual commission expenses which can be collected from public utilities.	Legislative	Annual Income	\$ 93,000
3. Collect reimbursement from utilities for the commission's annual expenses in the calendar year during which monies are expended.	Legislative	Annual Income	\$ 141,000
4. Reduce the secretarial and clerical staff by not filling vacancies.	Executive	Annual Saving	\$ 52,800
5. Authorize a work measurement study of clerical operations.	Executive		

Pennsylvania Liquor Control Board

1. Select an alternate system for retailing and distributing liquor.	Executive		
2. Adopt an instant bank deposit reporting system for the state liquor stores using presigned transfer drafts.	Executive	Annual Income Annual Cost	\$ 200,000 \$ 40,000
3. Improve the efficiency of state liquor store operations.	Executive	Annual Saving Annual Cost	\$ 11,100,000 \$ 2,260,000
4. Establish additional self-service stores where economic and geographic factors warrant them.	Executive	Annual Income Annual Cost	\$ 9,210,000 \$ 147,000
5. Limit store hours in locations which show an operating loss.	Executive	Annual Saving	\$ 130,000
6. Establish improved management procedures for inventory control.	Executive	Annual Income Annual Cost One-time Saving One-time Cost	\$ 732,000 \$ 65,000 \$ 15,000,000 \$ 350,000
7. Study the feasibility of continuing to sell wine in state liquor stores.	Executive		
8. Study the store mark-up policies.	Executive		
9. Eliminate the subwarehousing operations.	Executive	Annual Saving	\$ 718,000
10. Abolish the New Castle Warehouse.	Executive	Annual Saving Annual Cost	\$ 80,700 \$ 33,000
11. Deliver high-volume items directly to stores.	Executive	Annual Saving	\$ 1,500,000
12. Develop a firm policy regarding items to be carried and dropped.	Executive		

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
13. Increase application filing and special permit fees to cover costs and update them every two years.	Legislative	Annual Income	\$ 3,370,000
14. Streamline licensing procedures by using a computer, mechanizing document files, and reducing compliance determinations made during the issuing process.	Executive	Annual Saving Annual Cost One-time Cost	\$ 577,000 \$ 45,300 \$ 55,000
15. Increase the rate of computer application implementation.	Executive	Annual Saving Annual Cost One-time Cost	\$ 93,300 \$ 2,100 \$ 50,000
16. Eliminate punch card equipment.	Executive	Annual Saving Annual Cost One-time Cost	\$ 65,000 \$ 3,000 \$ 10,000
17. Reduce the field audit staff by establishing perpetual inventory in stores for slow moving items and simplifying verification procedures.	Executive	Annual Saving	\$ 157,000
18. Simplify field audit procedures.	Executive	Annual Saving	\$ 218,000
19. Eliminate unnecessary tasks performed by the Stock Liquor Section.	Executive	Annual Saving	\$ 96,000
20. Reduce the staff of the Stores System Records Division.	Executive	Annual Saving	\$ 170,000
21. Reduce custodial, security, and maintenance crews in the board's central office.	Executive	Annual Saving One-time Cost	\$ 196,000 \$ 500
22. Eliminate the perpetual inventory records of supplies kept by the Supplies Division.	Executive	Annual Saving	\$ 26,000
23. Reduce stockroom personnel in the Supplies Division.	Executive	Annual Saving	\$ 28,400
24. Improve procedures and reduce mailroom personnel in the Communications Division.	Executive	Annual Saving One-time Cost	\$ 25,200 \$ 500
25. Computerize salary history records in the Bureau of Personnel.	Executive	Annual Saving Annual Cost One-time Cost	\$ 58,800 \$ 600 \$ 7,000
26. Add a staff group for planning and research.	Executive	Annual Cost	\$ 81,700
27. Improve district office procedures in the Enforcement Investigation Division.	Executive	Annual Saving One-time Cost	\$ 296,000 \$ 50,000
28. Rotate enforcement officers among the district offices.	Executive	Annual Cost	\$ 50,000
29. Reduce the number of routine demands made on the time of board members.	Executive	Annual Saving	\$ 15,200
30. Update the Pennsylvania Liquor Code.	Legislative		

Department of Military Affairs

1. Eliminate duplicate state security forces at the Edward Martin Military Reservation.	Executive	Annual Saving Annual Cost	\$ 90,200 \$ 22,600
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RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
2. Increase rents for the 32 residential properties at the Edward Martin Military Reservation.	Executive	Annual Income	\$ 22,000
3. Reduce the personnel in the Vietnam Bonus Bureau.	Executive	Annual Saving	\$ 99,000
4. Reduce the authorized staff of the Bureau of Veterans' Affairs and relocate the operation.	Executive	Annual Saving	\$ 94,000
5. Eliminate or combine underutilized armories.	Executive	Annual Saving	\$ 441,000
		Annual Income	\$ 114,000
		One-time Income	\$ 2,280,000

Department of Justice

1. Reorganize the Department of Justice.	Executive/ Legislative	Annual Saving	\$ 102,000
		Annual Cost	\$ 84,600
2. Strengthen fiscal responsibility within the department.	Executive		
3. Eliminate presently vacant positions within the department.	Executive	Annual Saving	\$ 2,740,000
4. Increase collection of claims which are owed the commonwealth.	Executive	Annual Income	\$ 2,400,000
		Annual Cost	\$ 40,000
		One-time Income	\$ 10,500,000
5. Transfer the functions of the Bureau of Standard Weights and Measures to the Bureau of Foods and Chemistry in the Department of Agriculture.	Executive	Annual Saving	\$ 175,000
		Annual Cost	\$ 18,500
6. Initiate a study to eliminate existing duplications in criminal investigations and determine the most effective organization for administering this activity.	Executive		
7. Continue to replace part-time lawyers with full-time attorneys in all departments of the commonwealth.	Executive	Annual Saving	\$ 663,000

Bureau of Correction

8. Reorganize the Bureau of Correction.	Executive		
9. Charge the federal government for maintenance of persons detained under United States statutes in state institutions.	Executive	Annual Income	\$ 280,000
		Annual Cost	\$ 280,000
		(Federal)	
10. Close the State Correctional Institution for Women at Muncy.	Executive	Annual Saving	\$ 1,670,000
		Annual Cost	\$ 538,000
11. Eliminate eight mail inspection positions.	Executive	Annual Saving	\$ 74,800
12. Reduce the cash balance in the General Welfare Fund.	Executive	Annual Income	\$ 2,500
13. Use the EDP operation in Correctional Industries to mechanize accounting for resident payrolls.	Executive	Annual Saving	\$ 123,000
		Annual Cost	\$ 2,000

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
14. Enforce the personnel policy of granting compensatory time off instead of pay for overtime work.	Executive	Annual Saving	\$ 612,000
15. Close the state correctional facility at Huntingdon.	Executive	Annual Saving Annual Income Annual Cost One-time Saving	\$ 3,610,000 \$ 10,000 \$ 1,500,000 \$ 200,000
16. Appraise housing provided institution personnel and determine appropriate rents.	Executive	Annual Income	\$ 45,800
17. Return surplus funds presently under the control of Correctional Industries to the general fund.	Executive	Annual Income One-time Income	\$ 372,000 \$ 7,440,000
18. Cease funding capital programs in correctional institutions until a comprehensive plan for expansions is approved by the Attorney General.	Executive		
19. Eliminate excess staff positions and abolish vacancies at all correctional institutions.	Executive	Annual Saving	\$ 1,280,000
20. Eliminate Correctional Industries' activities which are no longer profitable either from a financial or treatment standpoint.	Legislative	Annual Saving Annual Income One-time Income	\$ 1,070,000 \$ 166,000 \$ 1,980,000
21. Require resident maintenance charges be paid in 30 days.	Executive	Annual Income	\$ 250,000
22. Expand the automotive maintenance instructional facilities at Camp Hill.	Executive	One-time Cost	\$ 30,000

Department of Community Affairs

1. Conduct a work measurement study of clerical operations.	Executive		
2. Eliminate the department's audit group.	Executive	Annual Saving	\$ 103,000
3. Eliminate the Office of Model Cities/Partner Cities.	Executive	Annual Saving	\$ 56,800
4. Eliminate the Bureau of Human Resources.	Executive	Annual Saving	\$ 1,130,000
5. Eliminate the Information Services Division in the Bureau of Local Government Services.	Executive	Annual Saving	\$ 37,100
6. Eliminate the Division of Municipal Employee Training in the Bureau of Local Government Services.	Executive	Annual Saving	\$ 51,000
7. Improve the contracting function.	Executive	Annual Saving	\$ 506,000
8. Reorganize the department.	Executive	Annual Saving	\$ 79,600
9. Establish an Office of Planning.	Executive		
10. Reassign central office personnel to strengthen regional operations.	Executive		

RECOMMENDATIONS

ACTION
REQUIREDSAVINGS,
INCOME OR COSTESTIMATED
AMOUNT**Department of Labor and Industry**

1. Identify and eliminate duplicate counseling provided by governmental departments.	Executive		
2. Abolish 289 vacant positions in the Department of Labor and Industry.	Executive	Annual Saving (State)	\$ 1,250,000
		Annual Saving (Federal)	\$ 1,250,000
3. Allocate administrative expenses to those departments requiring services.	Executive	Annual Income	\$ 379,000
		Annual Cost (Federal)	\$ 279,000
4. Transfer migratory labor functions to the Department of Health.	Executive	Annual Saving	\$ 50,600
5. Reorganize the Department of Labor and Industry.	Executive		
6. Eliminate unnecessary advisory boards from the Department of Labor and Industry.	Executive	Annual Saving	\$ 473,000
7. Combine the Public Relations Departments in Labor and Industry with the Governor's Public Relations Section.	Executive	Annual Saving (State)	\$ 19,200
		Annual Saving (Federal)	\$ 12,800
8. Revise the practice of using per-diem trial examiners and part-time board members on the Labor Relations Board.	Executive	Annual Saving	\$ 350,000
		Annual Cost	\$ 166,000
9. Change methods used by stenographers for workmen's compensation hearings and have referees work full time.	Executive	One-time Cost	\$ 69,000
10. Implement recommendations contained in the Plan of Action dated January 7, 1971.	Executive		
11. Open a post office box for remittances and pick up mail two to four times daily.	Executive	Annual Income	\$ 32,000
12. Give priority to the 20 largest contributors and prepare a separate transmittal for morning delivery to the Treasury Department.	Executive	Annual Income	\$ 40,800
13. Deliver transmittals directly to the Treasury Department.	Executive	Annual Income	\$ 32,000

Workmen's Compensation Insurance and Social Security for Public Employees

14. Transfer interest earned on social security contributions to the general fund.	Executive	Annual Income	\$ 2,800,000
15. Abolish the position of attorney in the Bureau of Social Security for Public Employees.	Executive	Annual Saving	\$ 21,000
16. Combine the staff of the Bureau of Social Security for Public Employees and the Comptroller's personnel now assigned to the bureau.	Executive	Annual Saving	\$ 31,600

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
17. Charge insurance carriers for workmen's compensation supervision and hearing activities.	Executive	Annual Income	\$ 3,310,000
18. Combine administrative functions and medical examinations to determine benefits for Black Lung claims now performed by the Bureau of Workmen's Compensation and Vocational Rehabilitation.	Executive	Annual Saving	\$ 660,000
19. Control Black Lung payments more accurately to eliminate duplicate payments.	Executive	Annual Saving	\$ 13,200
20. Reduce the budget of the Occupational Disease Division.	Executive	Annual Saving	\$ 6,140,000
21. Examine all disability claims paid by the commonwealth for Black Lung cases, transfer eligible applicants to the federal program, and eliminate those who do not qualify from the state program.	Executive	Annual Saving	\$ 5,000,000
		Annual Cost (Federal)	\$ 1,760,000
		One-time Cost	\$ 270,000
22. Establish bi-weekly audits of Black Lung payments.	Executive	Annual Saving	\$ 936,000
23. Automate the records of State Workmen's Insurance Fund using the EDP equipment in the Department of Labor and Industry.	Executive	Annual Saving	\$ 139,000
		Annual Cost	\$ 22,000
24. Close the branch offices at Pottsville, Sunbury, and Johnstown.	Executive	Annual Saving	\$ 245,000
Labor Standards, Prevailing Wage, and Apprenticeship Training			
25. Eliminate the state-supported employer relations representatives.	Executive	Annual Saving	\$ 64,100
26. Reorganize field operations of the bureau along regional lines.	Executive	Annual Saving	\$ 146,000
27. Reorganize the field operations of the Prevailing Wage Division into three regions.	Executive	Annual Saving	\$ 83,000
Occupational Safety, Budget, Administration Services, and Personnel			
28. Adjust fee schedule for examination of building plans by the Building Division.	Executive	Annual Income	\$ 175,000
Bureau of Vocational Rehabilitation			
29. Reduce the staff of the Johnstown Rehabilitation Center.	Executive	Annual Saving (State)	\$ 94,100
		Annual Saving (Federal)	\$ 376,000
30. Eliminate excess staff in the regional offices.	Executive	Annual Saving (State)	\$ 292,000
		Annual Saving (Federal)	\$ 1,150,000

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
Bureau of Employment Security			
31. Amend civil service rules to permit temporary appointments to federally financed contingency positions to be for the duration of the contingency financing.	Legislative	Annual Saving (State)	\$ 830,000
		Annual Saving (Federal)	\$ 680,000
32. Hire necessary staff to process unemployment claims and provide employment services even during periods of fiscal austerity.	Executive		
33. Centralize the planning of state-funded manpower training programs in CAMPS.	Legislative		
Department of Commerce			
1. Merge the Bureaus of Business Services and Industrial Development and change the name to the Bureau of Industrial Development and Services.	Executive	Annual Saving	\$ 67,900
2. Eliminate the position of assistant director in the Bureau of State and Federal Economic Aid.	Executive	Annual Saving	\$ 14,900
3. Eliminate the positions of assistant director and budget analyst in the Bureau of Administrative Services.	Executive	Annual Saving	\$ 23,700
4. Eliminate the Office of Public Information and Advertising.	Executive	Annual Saving	\$ 47,500
		One-time Saving	\$ 690,000
5. Eliminate the Bureau of Travel Development.	Executive	Annual Saving	\$ 1,210,000
6. Reorganize the department's Bureau of Industrial Development.	Executive	Annual Saving	\$ 263,000
7. Conduct a work measurement study of clerical operations.	Executive		
8. Use the central motor pool in Harrisburg.	Executive	Annual Saving	\$ 23,900
		Annual Cost	\$ 3,100
9. Implement recommendations made by the Bureau of Systems Analysis in the Office of Administration.	Executive	Annual Saving	\$ 100,000
10. Consider using private voluntary assistance to establish department goals and programs.	Executive		
Department of Environmental Resources			
1. Eliminate the associate deputies and supporting personnel in Environmental Protection and Regulation.	Executive	Annual Saving	\$ 72,300
2. Abolish 14 positions in the Bureau of Personnel Services.	Executive	Annual Saving	\$ 132,000

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
3. Dispose of the Schuylkill River dredges and contract for future work as necessary.	Executive	Annual Saving One-time Saving One-time Income	\$ 36,400 \$ 152,000 \$ 77,000
4. Eliminate the proposed Bureau of Facilities Operations and Maintenance.	Executive	Annual Saving	\$ 115,000
5. Abolish the proposed position of program specialist to assist soil and water conservation districts in land acquisition.	Executive	Annual Saving	\$ 14,500
6. Reassign soil and water conservation districts.	Executive	Annual Saving	\$ 12,500
7. Increase the license fee for public eating and drinking places to \$18 to cover inspection and licensing costs.	Legislative		
8. Eliminate five positions in the Division of Land Acquisitions.	Executive	Annual Saving	\$ 56,100
9. Eliminate the Division of Minerals from the Bureau of Forestry.	Executive	Annual Saving	\$ 61,500
10. Transfer Special Use Branch responsibilities to the Division of State Forest Management.	Executive	Annual Saving	\$ 31,400
11. Combine the land management staff and field organizations of the Pennsylvania Fish and Game Commission and the Bureau of Forestry.	Legislative	Annual Saving	\$ 852,000
12. Transfer six state parks and one forest picnic area to federal or local government agencies.	Legislative		
13. Transfer maintenance of 37 state forest picnic areas to the Bureau of Forestry.	Executive	Annual Saving	\$ 27,000
14. Increase the fees for overnight camping, boat launching, and mooring at state parks.	Executive	Annual Income	\$ 409,000
15. Study a system of guaranteed reservations for campsites.	Executive		
16. Revise the bidding procedures for concession contracts.	Executive	Annual Income	\$ 200,000
17. Establish a budgetary control and cost accounting system for the Bureau of State Parks.	Executive	Annual Saving One-time Cost	\$ 600,000 \$ 60,000
18. Establish a \$500 petty cash fund for minor operations and maintenance supplies and increase approval limits for maintenance purchase orders and contracts.	Executive		
19. Abolish the Office of Legal Services.	Executive		
20. Eliminate the Bureau of Consulting Services and merge the Bureaus of Engineering and Construction.	Executive	Annual Saving	\$ 447,000

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
21. Consolidate field activities in Mines and Land Protection into three regional offices.	Executive	Annual Saving	\$ 841,000
22. Conduct a work measurement study of clerical operations in the Division of Occupational Health.	Executive		
23. Conduct a work measurement study of clerical operations in the Bureaus of Water Quality and Community Environmental Control.	Executive		
24. Conduct a work measurement study of clerical operations in the staffs of the Deputy for Engineering and Construction.	Executive		
25. Sell surplus land acquired for dredging basins.	Executive	Annual Saving Annual Income One-time Income	\$ 27,000 \$ 20,300 \$ 406,000
26. Reorganize the Department of Environmental Resources.	Executive		

Department of Agriculture

1. Evaluate the effectiveness of the Pennsylvania Fair Fund.	Legislative	One-time Cost	\$ 5,000
2. Develop an integrated information and scheduling system to increase the effectiveness of the field inspection force.	Executive	Annual Saving One-time Cost	\$ 286,000 \$ 25,000
3. Organize a central typing pool in the Bureau of Administrative Services.	Executive	Annual Saving	\$ 26,600
4. Develop a computer system to maintain motor vehicle records and related costs.	Executive	Annual Saving One-time Cost	\$ 12,200 \$ 1,600
5. Eliminate three positions in the Management Information Systems Division.	Executive	Annual Saving	\$ 31,800
6. Implement a computer system to process and store health certificates and test reports.	Executive	Annual Saving Annual Cost One-time Cost	\$ 25,100 \$ 6,300 \$ 15,000
7. Abolish the Bureau of Dog Law Enforcement.	Executive	Annual Saving Annual Cost	\$ 733,000 \$ 1,130,000
8. Provide a procedures manual for the Bureau of Foods and Chemistry.	Executive		
9. Require competitive bidding for contract laboratory work.	Executive		
10. Stagger renewals of licenses and permits over a 12-month period.	Executive	Annual Saving	\$ 5,600
11. Close operations at the Evans City and Tunkhannock Animal Industry Laboratories.	Executive	Annual Saving	\$ 73,000
12. Increase license fees to cover cost of issuance.	Legislative	Annual Income	\$ 143,000

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
State Harness Racing Commission			
13. Combine the administration of the State Harness Racing Commission with that of the State Horse Racing Commission.	Legislative		
14. Eliminate at-the-track licensing activities.	Executive	Annual Saving	\$ 14,400
15. Install a system of pre- and post-race testing at the track under commission supervision.	Executive	Annual Saving	\$ 10,200
State Farm Products Show Commission			
16. Charge admission to the four agriculture shows sponsored by the commonwealth.	Executive	Annual Income	\$ 450,000
17. Charge a fee for parking at state shows.	Executive	Annual Income	\$ 87,500
		One-time Cost	\$ 87,500
18. Change the farm show date.	Executive	Annual Income	\$ 100,000
19. Do not replace the present heating system in the Agriculture Building.	Executive		
20. Abandon plans to replace the existing farm show complex.	Executive		
State Horse Racing Commission			
1. Create a State Racing Commission of seven members to regulate horse racing, harness racing, and similar activities including pari-mutuel betting.	Legislative	Annual Saving	\$ 108,000
2. Install a system of pre- and post-race testing at the track under commission supervision.	Executive	Annual Saving	\$ 8,000
3. Revise and centralize licensing activities.	Executive	Annual Saving	\$ 7,000
		One-time Saving	\$ 9,000
Pennsylvania Game Commission			
1. Eliminate five coordinators in the Land Management Division and substitute two land management program coordinators.	Executive	Annual Saving	\$ 77,500
		Annual Cost	\$ 23,800
2. Establish performance standards for land management field work.	Executive	Annual Saving	\$ 148,000
		Annual Cost	\$ 4,000
3. Curtail land acquisition programs until their full costs and needs have been determined.	Executive		
4. Develop complete costs for services provided by the commission.	Executive	Annual Income	\$ 8,000
5. Transfer the Howard Nursery and Waterfowl coordinators to their respective field supervisors, combine the Land Title and Records Section with the Engineering Section, and transfer the attorney in Land Title and Records to the Attorney General's staff.	Executive	Annual Saving	\$ 22,000

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
6. Eliminate the position of division forester in the six field divisions.	Executive	Annual Saving	\$ 56,300
7. Abolish the Mineral Division.	Executive	Annual Saving	\$ 23,900
8. Close operations at the Southwestern Game Farm.	Executive	Annual Saving Annual Income One-time Income	\$ 69,000 \$ 1,000 \$ 20,000
9. Combine the existing Pennsylvania Fish and Game Commissions.	Legislative	Annual Saving	\$ 1,140,000
10. Increase the adult resident hunting license fee from \$5.20 to \$6.25.	Legislative	Annual Income	\$ 900,000

Pennsylvania Fish Commission

1. Transfer the Real Estate Division from the Bureau of Waterways to the Bureau of Fisheries and Engineering.	Executive		
2. Consolidate law enforcement and watercraft safety activities of the Bureau of Waterways into a Marine Services and Enforcement Division.	Executive	Annual Saving	\$ 143,800
3. Combine the existing Pennsylvania Fish and Game Commissions.	Legislative		

Department of Education

1. Staff key positions with professional managers who can introduce and monitor successful business practices.	Executive		
2. Establish measurement techniques to determine the value of significant programs and services provided by the department.	Executive		

Deputy Secretary of Education

3. Modify the Office of Deputy Secretary of Education.	Executive		
4. Develop effective controls over the use of outside EDP services.	Executive		

Office of Educational Research and Statistics

5. Eliminate a clerk stenographer in the Bureau of Educational Research.	Executive	Annual Saving (Federal)	\$ 6,200
6. Eliminate the position of educational research trainer.	Executive	Annual Saving	\$ 7,700
7. Fill the vacant supervisory positions in the Bureau of Educational Statistics.	Executive		

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
<u>Office of Administrative Services</u>			
8. Eliminate the Bureau of Budget Services and transfer its personnel and functions to a new Bureau of Planning and Budgeting.	Executive	Annual Saving	\$ 12,300
9. Eliminate state college employees from the personnel history and standard position requirements file.	Executive	Annual Saving	\$ 12,300
10. Abolish three vacant clerical positions in the Bureau of Personnel.	Executive	Annual Saving	\$ 18,500
11. Eliminate calculation of retirement estimates in the Bureau of Personnel.	Executive	Annual Saving	\$ 7,600
12. Eliminate the Procurement Division.	Executive	Annual Saving	\$ 43,600
13. Eliminate two vacant positions in the Facilitative Services Division and one in Management Services.	Executive	Annual Saving	\$ 20,000
14. Conduct a study of the Duplicating Section of the Facilitative Services Division.	Executive		
15. Eliminate excess copy machines and institute tighter controls on those remaining.	Executive	Annual Saving	\$ 18,600
16. Eliminate outdated copy machines.	Executive	Annual Saving	\$ 9,500
17. Rent an additional composing machine for the stenographic pool in the Bureau of Staff Services.	Executive	Annual Saving Annual Cost	\$ 17,300 \$ 11,500
<u>Executive Staff Offices</u>			
18. Eliminate the Office of Career Development and transfer its functions to the Personnel Department.	Executive	Annual Saving	\$ 24,600
<u>State Library</u>			
19. Consolidate the capitol complex libraries.	Executive	Annual Saving	\$ 130,000
20. Initiate a clerical work measurement program in the Bureau of General Library.	Executive		
21. Eliminate the public information function in the Administrative Office.	Executive	Annual Saving	\$ 21,600
22. Develop a long-range plan for service and space requirements of the State Library.	Executive		
<u>Bureau of Management Information Systems</u>			
23. Provide a full-time director with EDP experience for the bureau.	Executive		
24. Convert punch card applications to a computer program.	Executive	Annual Saving One-time Cost	\$ 100,000 \$ 12,000

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
25. Provide an economic analysis of all proposed EDP applications.	Executive		
26. Justify all equipment changes through economic analysis.	Executive		
27. Schedule computer time and check performance against schedule.	Executive		
28. Establish a tape library.	Executive	Annual Cost	\$ 3,200
29. Transfer systems analysts in the Department of Education to that department's Bureau of Management Information Systems.	Executive		
30. Reorganize the bureau.	Executive		
Bureau of Information and Publications			
31. Transfer stockroom functions to the Facilitative Services Division.	Executive	Annual Saving	\$ 5,300
32. Transfer writers in various department offices to the Bureau of Information and Publications.	Executive	Annual Saving	\$ 30,200
33. Transfer the composing machine operations to the stenographic pool in the Bureau of Staff Services.	Executive		
Pennsylvania Public School Employees' Retirement Board			
34. Develop an EDP system for public school employees' retirement administration.	Executive	Annual Saving (State)	\$ 84,400
		Annual Saving (Local)	\$ 84,400
		Annual Cost (State)	\$ 12,200
		Annual Cost (Local)	\$ 12,200
		One-time Cost (State)	\$ 36,100
		One-time Cost (Local)	\$ 36,100
35. Prepare a manual covering procedures for daily operations.	Executive		
36. Reorganize the Administration Unit.	Executive		
37. Open a separate post office box for contribution payments.	Executive	Annual Income (State)	\$ 20,100
		Annual Income (Local)	\$ 20,100
38. Process checks and deliver them to the Comptroller on the day received.	Executive	Annual Income (State)	\$ 42,200
		Annual Income (Local)	\$ 42,200
39. Reorganize and purge the files.	Executive		

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
40. Develop current, easily understandable information explaining the retirement systems, its benefits, and procedures for doing business with the Administration Unit.	Executive		
41. Study the benefits offered in order to simplify and improve the cost effectiveness of the retirement system.	Executive	One-time Cost	\$ 15,000
42. Study the feasibility of merging administrative activities of the Public School and State Employees' Retirement Systems.	Executive		
43. Authorize investment of up to 25% of the retirement fund in equity securities, reducing the state's contribution proportionately.	Legislative	Annual Income (State) Annual Income (Local)	\$ 10,000,000 \$ 10,000,000
44. Conduct a benefit coordination study.	Executive		
45. Require delinquent contributors to pay penalties which equal lost fund earnings.	Legislative	Annual Cost One-time Cost	\$ 4,900,000 \$ 98,000,000
46. Establish a task force to establish policy and develop implementation plans with regard to retirement plan objectives.	Executive		
47. Provide internal capabilities to handle actuarial/financial/statistical studies needed for effective management.	Executive		
48. Place management responsibility for fund investments with competent full-time professional managers.	Executive		
Office of Basic Education			
49. Conduct a study of school district business and management operations.	Executive		
50. Restructure the Office of Basic Education.	Executive		
51. Study current student/teacher and pupil/classroom ratios.	Executive		
52. Investigate the value of services and the accuracy of information before processing grants to private schools.	Executive		
53. Establish improved communications between the Department of Education and the school districts.	Executive		
54. Establish a long-range plan for basic education and periodically evaluate the results.	Executive		
55. Study the socio-economic impact of establishing a 12-month school year.	Executive		
56. Transfer all employees to the payroll of the bureau for which they are working.	Executive		

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
<u>Bureau of General and Academic Education</u>			
57. Study the branch library program to determine if the present arrangement should be terminated or replaced.	Executive		
58. Transfer all personnel not actually employed in the bureau to the agency in which they are working.	Executive		
<u>Bureau of Curriculum Development and Evaluation</u>			
59. Transfer the responsibility for collecting data and preparing reports required for federally funded programs administered by the bureau to the Comptroller.	Executive	Annual Saving (Federal) Annual Cost	\$ 24,600 \$ 6,500
<u>Bureau of Special Education</u>			
60. Fill vacant advisor positions.	Executive		
61. Prepare a long-range plan for special education in Pennsylvania.	Executive		
<u>Bureau of Educational Quality Assessment</u>			
62. Develop detailed operating plans and cost budgets for each fiscal year through 1975.	Executive		
63. Acquire optical scanning equipment and use computer facilities in the Department of Education for test analysis work.	Executive	Annual Saving Annual Cost One-time Cost	\$ 344,000 \$ 119,000 \$ 90,300
<u>Bureau of Instructional Media Services</u>			
64. Centralize bureau office and work space including the film and tape libraries.	Executive	Annual Saving	\$ 11,600
65. Eliminate all work performed by the bureau which does not contribute directly to the goals of the Department of Education.	Executive		
66. Transfer employees working in the Bureau of Instructional Media Services on loan from other units to that bureau.	Executive		
67. Eliminate the position of assistant director.	Executive	Annual Saving	\$ 16,500
<u>Bureau of Vocational, Technical, and Continuing Education</u>			
68. Redefine the role of the Public Service Institute Board.	Executive		
69. Transfer civil defense training and shelter program responsibilities to the State Council of Civil Defense.	Executive	Annual Saving (Federal)	\$ 21,900
70. Move the Office of Food and Nutrition Services to the Office of Administrative Services.	Executive		

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
71. Assign bureau personnel to handle duties now performed for it by other departmental units.	Executive	Annual Saving (State)	\$ 23,700
		Annual Saving (Federal)	\$ 158,000
72. Phase out the regional offices of the Division of Program Operations and gradually eliminate the field organization.	Executive	Annual Saving	\$ 551,000
<u>Bureau of Administrative Service</u>			
73. Eliminate the Bureau of School Administrative Services and transfer functions to appropriate units within the Department of Education.	Executive	Annual Saving	\$ 488,000
74. Initiate a systems study to establish the feasibility of a computerized information bank of pupil, bus, and other school data.	Executive		
75. Provide a method for consolidated school bus purchases.	Legislative	Annual Saving	\$ 470,000
<u>Bureau of School Construction</u>			
76. Use the building systems concept for school construction design.	Legislative	Annual Saving (State)	\$ 21,300,000
		Annual Saving (Local)	\$ 32,000,000
77. Initiate fast-track planning for school construction throughout the commonwealth.	Executive	Annual Saving (State)	\$ 8,500,000
		Annual Saving (Local)	\$ 12,800,000
78. Establish a voluntary market aggregation service for school construction.	Executive	Annual Saving (State)	\$ 7,700,000
		Annual Saving (Local)	\$ 11,600,000
79. Prequalify all contractors on construction projects.	Legislative		
80. Study the use of computers to aid in designing building systems.	Executive		
81. Microfilm blueprints and specifications.	Executive	Annual Saving	\$ 6,400
		Annual Cost	\$ 3,600
82. Reorganize the Bureau of School Construction.	Executive	Annual Cost	\$ 784,000
83. Encourage joint occupancy of public school facilities.	Executive/ Legislative		
84. Combine public and high school libraries, using common administrative and support services and maintaining separate professional librarian staffs.	Executive	Annual Saving (State)	\$ 407,000
		Annual Saving (Local)	\$ 611,000
85. Change existing state laws which adversely affect the cost of school construction.	Legislative		

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
Bureau of Private Schools and Veterans Education			
86. Increase license fees for private schools and sales agents.	Legislative	Annual Income	\$ 188,000
87. Consolidate the private school divisions.	Executive		
Higher Education			
88. Computerize cataloging and inventory functions performed at all state-owned and state-related libraries.	Executive	Annual Saving	\$ 2,290,000
		Annual Cost	\$ 360,000
		One-time Cost	\$ 350,000
89. Consolidate acquisitions procedures for state-related and state-owned institutions at Pennsylvania State University.	Executive	Annual Saving	\$ 150,000
90. Collect a fee of \$6 for teacher certificates and certificates of preliminary education.	Legislative	Annual Income	\$ 317,000
91. Establish a planning board.	Executive		
92. Change the present method of funding higher education activities.	Executive		
93. Present the higher education budget to the Legislature earlier.	Executive		
94. Develop programs to increase private gifts to state-supported schools.	Executive		
95. Organize a committee to study means for increasing faculty instructional work loads.	Executive		
96. Reduce the number of small classes.	Executive	Annual Saving	\$ 1,400,000
97. Reduce the number of faculty status employees in supportive service positions.	Executive	Annual Saving	\$ 192,000
98. Eliminate educational benefits provided dependents of school employees.	Executive		
99. Stop expansion of the Allentown campus of Pennsylvania State University.	Executive	Annual Income	\$ 65,000
		One-time Saving	\$ 1,300,000
100. Close the Punxsutawney branch campus of Indiana University of Pennsylvania.	Executive	Annual Saving	\$ 90,000
		One-time Saving	\$ 3,000,000
101. Do not establish branch campuses until anticipated enrollment is large enough to provide a reasonable per-student cost.	Executive	Annual Saving	\$ 3,350,000
102. Eliminate food, room, and parking subsidies for state-owned and state-related schools.	Executive	Annual Saving	\$ 1,800,000
103. Change the method of funding department research.	Executive	Annual Saving	\$ 265,000
104. Adopt legislation which will better equalize district taxpayers' cost between branch campuses and community colleges.	Legislative		

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
105. Conduct a work analysis program to develop performance standards for custodial, clerical, maintenance, and library personnel.	Executive		
106. Enforce responsibility for program costs and results at the department level.	Executive		
107. Develop cooperative academic programming, tuition adjustments, and/or student aid with bordering states.	Legislative		
108. Study the abuse of work study programs at the campus level.	Executive		
109. Improve cash flow techniques and establish better monitoring procedures for the schools.	Executive	Annual Income	\$ 85,000
110. Enact a bill to increase the authority of the State Board of Education.	Legislative		
111. Implement a system of computer standardization for all schools to control hardware configurations, programming language, and modularity.	Executive	Annual Saving	\$ 160,000
112. Freeze appropriations for present and new capital projects for two years.	Executive		
113. Coordinate funding for facilities and equipment on capital projects.	Legislative		

Pennsylvania Higher Education Assistance Agency

114. Move the agency from its present location.	Executive		
115. Install an agency computer terminal in all state-owned and state-related colleges and universities.	Executive	Annual Saving Annual Cost	\$ 115,000 \$ 76,500

State-Owned Colleges and University

116. Establish an Office of Chancellor with responsibility for state-owned institutions under the Board of State College and University Directors.	Legislative	Annual Cost	\$ 80,000
117. Utilize the Bureau of Management Information Systems in the Department of Education to provide support to state-owned institutions.	Executive	Annual Saving	\$ 2,270,000
118. Develop separate pay scales for instructional and administrative personnel.	Executive		
119. Permit each institution to issue purchase orders to designated vendors for materials on state schedule contracts.	Legislative		
120. Implement noncompetitive purchasing provisions of Act 13.	Executive	Annual Saving	\$ 70,000

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
121. Forward tuition payments to the Comptroller, Department of Revenue, daily.	Executive	Annual Income	\$ 246,000
122. Reorganize the administration of Indiana University of Pennsylvania.	Executive	Annual Saving	\$ 30,000
123. Do not fill newly authorized positions established by the fiscal 1972 budget.	Executive	Annual Saving	\$ 2,530,000
124. Increase the maintenance staff by 10.	Executive	Annual Cost	\$ 48,300
125. Institute custodial work standards and personnel training at Indiana University similar to those used at Pennsylvania State University.	Executive	Annual Saving	\$ 69,800
126. Establish an internal management audit team reporting to the president.	Executive		
127. Increase the student meal fee by \$35 per semester at Indiana University.	Executive	Annual Income	\$ 385,000
128. Purchase three trucks for the maintenance trades at Indiana University.	Executive	Annual Saving One-time Cost	\$ 4,500 \$ 17,000
129. Install a diesel generator to provide emergency power and discontinue operation of the steam-driven electric generator at Indiana University.	Executive	Annual Saving One-time Cost	\$ 64,800 \$ 45,000
130. Replace five of the library's faculty status employees with nonfaculty personnel.	Executive	Annual Saving	\$ 35,000
131. Eliminate certain nonprofessional positions included in the 1971-1972 budget for Shippensburg State College.	Executive	Annual Saving	\$ 315,000
132. Combine the personnel performing stores functions at Shippensburg State College into a central control group.	Executive	Annual Saving	\$ 17,500
133. Establish growth patterns and corresponding capital facility planning consistent with needs at Shippensburg State College.	Executive		
134. Eliminate Kriner Hall as a dining facility at Shippensburg.	Executive	Annual Saving	\$ 114,000
135. Consolidate the college store facilities at Kriner Hall.	Executive	Annual Income	\$ 20,000
136. Hire three additional security guards at Shippensburg.	Executive	Annual Saving Annual Cost	\$ 20,700 \$ 16,600
137. Reduce library hours and cease using faculty status employees to perform clerical functions at Shippensburg.	Executive	Annual Saving	\$ 41,500
138. Implement a property control system at Shippensburg.	Executive	Annual Saving One-time Cost	\$ 12,000 \$ 6,000
139. Restructure the organization of Shippensburg State College.	Executive	Annual Cost	\$ 21,500

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
140. Cancel plans to provide an EDP development staff in the College Computer Center at Shippensburg.	Executive	Annual Saving	\$ 59,600
141. Reestablish communications between General State Authority (GSA) and the administration of Cheyney State College.	Executive		
142. Require all service contractors to comply with their written agreements.	Executive		
143. Combine the development efforts for new software at the West Chester and Cheyney State Colleges and eliminate Cheyney's computer equipment.	Executive	Annual Saving Annual Cost	\$ 125,000 \$ 18,000
144. Eliminate the manual stores inventory record at West Chester.	Executive	Annual Saving	\$ 5,700
145. Eliminate one payroll clerk at West Chester.	Executive	Annual Saving	\$ 5,700
146. Implement a property control system at West Chester State College.	Executive	Annual Saving One-time Cost	\$ 18,000 \$ 9,000
147. Consolidate the management at West Chester.	Executive	Annual Saving	\$ 9,000
148. Replace five of the library's faculty staff with nonfaculty personnel.	Executive	Annual Saving	\$ 15,000
149. Review cash flow of locally banked funds and invest portions of the balances.	Executive	Annual Income	\$ 2,500

Pennsylvania State University

150. Reorganize the office of the Vice President for Business.	Executive	Annual Saving	\$ 58,400
151. Regroup personnel administration functions.	Executive	Annual Saving	\$ 64,000
152. Revise the approach to EDP management.	Executive	Annual Saving	\$ 78,000
153. Establish a management audit team reporting to a senior vice president to investigate procedures, systems, and effectiveness of all areas of university operations.	Executive		
154. Discontinue the practice of charging departments for postage.	Executive	Annual Saving	\$ 12,600
155. Reduce the number of passenger vehicles in the fleet operation.	Executive	Annual Saving Annual Income One-time Saving	\$ 39,000 \$ 2,700 \$ 54,000
156. Establish a central control for all university vehicles.	Executive	Annual Saving	\$ 22,000
157. Dispose of used cars through public auctions or small quantity trade-ins to dealers.	Executive	Annual Income	\$ 35,800
158. Purchase intermediate size cars for fleet use.	Executive	Annual Saving	\$ 51,200

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
159. Sell two executive aircraft and substitute use of the charter service at University Park Airport.	Executive	Annual Saving Annual Income Annual Cost One-time Income	\$ 125,000 \$ 1,200 \$ 57,800 \$ 25,000
160. Discontinue the student flight training program and sell six aircraft.	Executive	Annual Saving Annual Income One-time Income	\$ 68,400 \$ 1,200 \$ 25,000
161. Reevaluate airport charges for services and rentals to commercial carriers.	Executive		
162. Combine the General Stores operation with salvage, surplus, and portions of the maintenance and operations storeroom.	Executive	Annual Saving	\$ 38,500
163. Improve dining service operations.	Executive	Annual Saving One-time Cost	\$ 111,000 \$ 10,000
164. Evaluate the skills and performance of the personnel at the Hershey Medical Center.	Executive		
165. Reduce the housekeeping positions in the Environmental Health Group at the Hershey Medical Center.	Excutive	Annual Saving	\$ 138,000
166. Reduce kitchen personnel at the Hershey Medical Center.	Executive	Annual Saving	\$ 57,200
167. Reduce the number of patrolmen at the Hershey Medical Center.	Executive	Annual Saving	\$ 36,200
168. Install a two-man carousel dishwasher in the food service area at the Hershey Medical Center.	Executive	Annual Saving	\$ 32,300
169. Study the telecommunication equipment at the Hershey Medical Center to minimize unauthorized calls, reduce monthly equipment charges, and eliminate luxury features.	Executive	Annual Saving One-time Cost	\$ 21,000 \$ 2,500
170. Request the power company to file a new rate for the Hershey Medical Center with the Public Utility Commission.	Executive	Annual Saving	\$ 100,000
171. Revise the financial management system at the Hershey Medical Center.	Excutive	Annual Income	\$ 60,000
172. Reappraise the objectives of the Hershey Medical Center to improve utilization, increase revenues, and reduce costs.	Executive	Annual Saving	\$ 614,000
173. Establish a merit increase program to compensate professional employees at the Hershey Medical Center.	Executive	Annual Saving	\$ 67,200

University of Pittsburgh

174. Eliminate the scholarships provided to staff members' families.	Executive	Annual Saving	\$ 826,000
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RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
175. Collect fees and tuition before students are allowed to attend classes.	Executive	Annual Saving	\$ 140,000
176. Revise the method of classroom scheduling.	Executive		
177. Establish a business/finance manager in the School of Medicine.	Executive	Annual Saving Annual Cost	\$ 360,000 \$ 25,000
178. Study the feasibility of consolidating some of the university's libraries.	Executive		
179. Establish an alumni association to fund the costs of alumni services and appeals.	Executive	Annual Saving	\$ 195,000
180. Implement a central identification and record-keeping system for university-owned property.	Executive	Annual Saving Annual Cost One-time Cost	\$ 150,000 \$ 10,000 \$ 25,000
181. Reorganize the Facilities Maintenance Department.	Executive	Annual Saving	\$ 27,800
182. Move the Architectural Engineering Department to Benedum Hall.	Executive	Annual Saving One-time Saving	\$ 9,000 \$ 4,000
183. Replace motor pool cars every four years or 60,000 miles.	Executive	Annual Saving	\$ 12,200
184. Increase student and faculty parking fees.	Executive	Annual Income	\$ 100,000

Community Colleges

185. Establish an office for community college activities within the Department of Education.	Executive	Annual Cost	\$ 80,000
186. Revise those sections of the School Laws of Pennsylvania pertaining to use of federal funds to replace state monies in community colleges.	Legislative		
187. Require lease/purchase analyses of capital equipment expenditures.	Executive		
188. Adopt a performance evaluation system for noninstructional faculty and nonfaculty staff personnel.	Executive		
189. Restructure the administrative organization.	Executive		
190. Use personnel from the Harrisburg Area Community College to assist new facilities in organization activities.	Executive		
191. Purchase a forklift truck.	Executive	One-time Saving One-time Cost	\$ 16,000 \$ 10,000
192. Increase the amount of short-term investment funds at Bucks County Community College.	Executive	Annual Income	\$ 13,000
193. Automate student fees and tuition accounting as well as accounts payable information at Bucks County Community College.	Executive	Annual Saving Annual Cost	\$ 28,600 \$ 18,000

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
194. Reduce the authorized addition to the custodial staff to three positions at Bucks County Community College.	Executive	Annual Saving	\$ 74,500

Pennsylvania Historical and Museum Commission

1. Reduce the custodial staff of the William Penn Memorial Museum.	Executive	Annual Saving	\$ 68,000
2. Install a monitored television security system in certain exhibit areas of the William Penn Memorial Museum.	Executive	Annual Cost One-time Cost	\$ 7,200 \$ 6,500
3. Transfer the functions of the Construction Inspection Unit to the Department of Property and Supplies.	Executive	Annual Saving (Federal) Annual Cost	\$ 49,200 \$ 8,000
4. Eliminate 11 tour guides and create five museum aide positions for the William Penn Memorial Museum.	Executive	Annual Saving Annual Cost	\$ 66,700 \$ 55,100
5. Revise cash flow procedures of the Historical Preservation Fund and invest excess amounts to produce additional income.	Executive	Annual Income	\$ 15,200
6. Return the property named "The Highlands" to the estate of the former owner.	Legislative	Annual Saving	\$ 8,000

Pennsylvania Public Television Network Commission

1. Revise the Public School Code to delete possible areas of conflict with the Department of Education.	Legislative
2. Expand the Network Program and Educational Television Committees to include the Network Director of Program Operations.	Executive
3. Reduce the number of commission members.	Legislative

Department of Transportation

1. Eliminate the assistant executive secretary on the Hazardous Substances Transportation Board.	Executive	Annual Saving	\$ 15,600
2. Reduce the clerical staff in the Hazardous Substances Transportation Board.	Executive	Annual Saving	\$ 5,800
3. Develop a pilot program to evaluate projects proposed by the Highway Safety Group.	Executive		
4. Reduce the staff of the Bureau of Public Information.	Executive	Annual Saving	\$ 40,300
5. Expand the responsibilities of the Operations Review Group.	Executive		

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
6. Improve administrative procedures in the Bureau of Public Information.	Executive	Annual Cost	\$ 300
7. Transfer responsibility for manning requirements in the district and county offices to the Operations Review Group.	Executive		
8. Improve the department's procedure for receiving and answering complaints.	Executive		
9. Allocate a portion of the marine fuel tax collected on the Delaware River to the Navigation Commission.	Legislative		
10. Purchase two patrol boats for the Navigation Commission for the Delaware River.	Executive	One-time Cost	\$ 16,000
11. Drop plans to build a pilot driver training center at Pennsylvania State University.	Executive	Annual Saving (State)	\$ 45,000
		Annual Saving (Federal)	\$ 75,000
12. Charge an annual fee of \$50 for a river pilot's license.	Executive	Annual Income	\$ 4,500
13. Propose that New Jersey share the cost of operating the Navigation Commission for the Delaware River.	Legislative		
14. Increase the use of the commission's snag boat.	Executive	One-time Cost	\$ 7,000
15. Develop an integrated program development, management, and scheduling system for construction projects.	Executive		
16. Use post office boxes to reduce manual sorting.	Executive		
17. Deposit federal aid reimbursement checks in Philadelphia and then immediately notify the Treasury Department and the Department of Transportation's Comptroller that the deposit has been made.	Executive	Annual Income	\$ 316,000
18. Deposit revenues from the issuance of permits promptly.	Executive	Annual Saving	\$ 11,700
		Annual Income	\$ 26,000
19. Use credit cards and associated billing techniques to charge other agencies for gasoline issued by the Department of Transportation.	Executive		
20. Develop a long-range fiscal plan for the department.	Executive		
21. Make financial stability a requirement for awarding contracts to consultants.	Executive		
22. Transfer district personnel responsible for preparing accounting transactions to the Comptroller's staff.	Executive		
23. Establish a manual vendors' file and discontinue the filing of invoices alphabetically.	Executive	Annual Saving	\$ 17,600

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
24. Modify batch control procedures to reduce overcontrolling.	Executive		
25. Cease the manual pre-audit of purchase orders.	Executive	Annual Saving	\$ 88,300
26. Audit all department projects.	Executive	Annual Saving Annual Cost	\$ 887,000 \$ 100,000
27. Improve control and management of external audits.	Executive		
28. Enforce findings discovered by audits.	Executive		
29. Audit the central office bureaus.	Executive		

Deputy Secretary for Administration

30. Perform an in-depth work simplification study of the Bureau of Office Services.	Executive	Annual Saving	\$ 92,000
31. Establish an inventory procurement and control system for the Department of Transportation.	Executive	Annual Saving Annual Cost	\$ 2,820,000 \$ 250,000
32. Revise the contract with the computer vendor.	Executive	Annual Saving	\$ 16,100
33. Eliminate the tabulating section which supports the B-5500 computer system.	Executive	Annual Saving One-time Cost	\$ 80,000 \$ 15,400
34. Establish a job classification for the tape librarian function.	Executive		
35. Consolidate the Systems Design and the Programming Divisions into a Systems and Programming Division.	Executive		
36. Place the Systems and Programming Division under the control of the assistant director.	Executive		
37. Establish a Planning Division in the Bureau of Management Information Systems.	Executive		
38. Exercise better control over machine user departments.	Executive		
39. Establish an EDP steering committee.	Executive		
40. Establish off-premises storage facilities for crucial files.	Executive	Annual Cost	\$ 5,000
41. Relocate the director and certain divisions.	Executive		
42. Transfer the Industrial Engineering Division to the Operations Review Group of the Department of Transportation.	Executive		
43. Print encumbrance data on certificates of title for motor vehicles.	Executive		
44. Move programmers in the Capitol Associates Building to the Highways and Safety Building.	Executive		
45. Cease printing tag bulletin reports.	Executive	Annual Saving	\$ 19,500

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
46. Charge machine user departments for systems, programming, and computer costs.	Executive		
47. Group error output reports into three categories to improve computer operating efficiency.	Executive		
48. Eliminate listings of daily input transactions successfully completed.	Executive	Annual Saving	\$ 16,800
49. Eliminate computer-printed output for the Records Division.	Executive	Annual Saving	\$ 113,000
50. Coordinate future computer systems with the Department of Revenue.	Executive		

Bureau of Fiscal Management

51. Prepare additional reports for management depicting, by function, actual expenditures versus target costs.	Executive		
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Deputy Secretary for Highway Administration

52. Establish a program for phase budgeting of highway building projects.	Legislative		
53. Develop a plan for the growth of highway administration activities within the Department of Transportation.	Executive		
54. Develop a sound rationale for using and rating consultants for highway and bridge projects.	Executive		
55. Reorganize the Highway Administration office.	Executive		

Deputy Chief Engineers, East and West

56. Delay authorized capital expenditure for two buildings.	Executive		
57. Eliminate 124 vacant staff positions.	Executive	Annual Saving	\$ 756,000
58. Eliminate 11 deputy district engineers.	Executive	Annual Saving	\$ 271,000
59. Implement a comprehensive maintenance management system for the county maintenance districts.	Executive	Annual Saving One-time Cost	\$ 22,100,000 \$ 500,000
60. Do not fill positions of assistant to Deputy Chief Engineers.	Executive	Annual Saving	\$ 54,200
61. Assign full responsibility for coordinating and directing highway engineering and maintenance activities within their respective regions to the Deputy Chief Engineers.	Executive		
62. Reduce the number of people in the permanent maintenance organization.	Executive	Annual Saving	\$ 3,270,000
63. Establish a 9½ hour, four-day work week on a rotating five-day schedule for certain field personnel in the engineering districts.	Executive	Annual Saving	\$ 1,200,000

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
64. Establish a 9½ hour, four-day work week on a rotating five-day schedule for highway maintenance personnel during the summer season.	Exccutive	Annual Saving	\$ 2,870,000
65. Eliminate the leased office space at Pittsburgh for Engineering District #11 and substitute a new building constructed on state-owned land.	Exccutive		
66. Substitute stick-ons for drawn details in highway plans, bridge designs, and traffic engineering drawings.	Executive	Annual Saving	\$ 228,000
67. Rewrite construction contract provisions to reduce inspection requirements.	Executive	Annual Saving	\$ 3,780,000
68. Reduce the number of county stockpiles.	Executive		
69. Eliminate manual determination of available highway routes by district personnel issuing overweight or oversize permits.	Exccutive		
70. Standardize municipal maps.	Executive		
71. Study the feasibility of consolidating some of the engineering and county maintenance districts.	Executive		
72. Upgrade managerial positions with responsibility for highway maintenance and staff them with qualified personnel.	Executive	Annual Saving	\$ 1,020,000
73. Reassign a portion of the automotive maintenance force to night shifts to reduce equipment downtime.	Executive	Annual Saving	\$ 590,000

Deputy Chief Engineer, Central Office

74. Phase out the purchase, installation, and removal of snow fences within two years.	Exccutive	Annual Saving	\$ 1,950,000
75. Employ in-house appraisers to take over activities now assigned to contracted firms.	Executive	Annual Saving Annual Cost	\$ 1,910,000 \$ 154,000
76. Improve the use of the Photogrammetry Section of the Bureau of Design.	Exccutive	Annual Saving Annual Cost	\$ 463,000 \$ 57,800
77. Eliminate the Bureau of Landscape Development under the Deputy Chief Engineer.	Executive	Annual Saving	\$ 87,500
78. Reorganize the Bureau of Right of Way.	Executive	Annual Saving	\$ 402,000
79. Establish a program and timetable for transferring responsibility for quality control and material certification from department personnel to vendors and contractors.	Executive	Annual Saving	\$ 700,000
80. Reduce bureau construction activities to staff functions, transfer the reduced force to the Bureau of Design, and rename it the Bureau of Design and Construction.	Exccutive	Annual Saving	\$ 230,000

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
81. Reduce the activities of the Bureau of Design to staff functions and place review and approval authority in the districts.	Executive	Annual Saving	\$ 585,000
82. Reduce the number of tank trucks and equipment operators in the county maintenance districts.	Executive		
83. Use aluminum coated sheet steel for highway signs.	Executive	Annual Saving	\$ 143,000

Deputy Secretary for Local and Area Transportation

84. Abolish 21 vacancies in the Bureau of Aviation.	Executive	Annual Saving	\$ 177,000
85. Appoint an administrative assistant for the director of the Bureau of Aviation.	Executive	Annual Cost	\$ 12,100
86. Eliminate the position of assistant director in the Bureau of Municipal Services.	Executive	Annual Saving	\$ 22,900
87. Send out monthly letters on mass transportation to equipment manufacturers and representatives of mass transportation interests.	Executive	Annual Cost	\$ 500

Deputy Secretary for Safety Administration

88. Eliminate two administrative assistants in the Bureau of Traffic Safety.	Executive	Annual Saving	\$ 23,000
89. Eliminate some assistant division chiefs in the Bureaus of Motor Vehicles and Traffic Safety.	Executive	Annual Saving	\$ 130,000
90. Eliminate the review board in the Bureau of Traffic Safety's Operator Improvement Division.	Executive	Annual Saving	\$ 103,000
91. Increase the minimum property damage requirement for reporting accidents to the Bureau of Traffic Safety to \$200.	Legislative	Annual Saving	\$ 150,000
92. Increase the fee for motor vehicle inspection stickers to \$0.25.	Legislative	Annual Income	\$ 1,400,000
93. Eliminate the Data Recording and Tabulating Sections in the Control Division of the Bureau of Traffic Safety.	Executive	Annual Saving	\$ 149,000
94. Convert the bureau's records to microfilm.	Executive	Annual Saving One-time Cost	\$ 258,000 \$ 18,000

Bureau of Motor Vehicles

95. Cycle motor vehicle registrations over a one-year period.	Executive		
96. Revise the data processing and manual systems now in use.	Executive		

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
97. Establish a clerical work measurement program to provide performance standards.	Executive		
98. Reorganize the Bureau of Motor Vehicles.	Executive	Annual Saving Annual Income One-time Cost	\$ 3,620,000 \$ 263,000 \$ 1,000,000
99. Renew registrations every two years.	Executive	Annual Income	\$ 2,610,000
100. Prepare an information booklet for use by the Telephone Information Division.	Executive		
101. Revise the format of the Motor Vehicle Code booklet for use in a loose leaf binder.	Executive		
102. Install a public address system in the Bureau of Motor Vehicles.	Executive	One-time Cost	\$ 3,000
103. Establish a formal plan for improving operations in the Bureau of Motor Vehicles.	Executive		
104. Prohibit the use of dealers' plates on personal and service vehicles.	Legislative	Annual Income	\$ 1,110,000

Deputy Secretary for Planning

105. Analyze the relationship between advance planning and transportation needs studies, the six-year construction program, and the annual transportation construction capital budget.	Executive		
106. Implement contract management techniques to improve the performance and efficiency of outside consultants.	Executive		
107. Perform as much drafting as possible for planning studies prepared by outside consultants.	Executive	One-time Saving	\$ 30,800
108. Use internal facilities to print reports on studies performed by outside sources.	Executive	Annual Saving	\$ 30,000
109. Perform data collection for planning studies done by consultants.	Executive	One-time Saving	\$ 230,000
110. Establish procedures to be used in coordinating activities with consultants, technical committees, and policy groups involved in area transportation studies.	Executive		
111. Discontinue operation of the bridge-measuring truck.	Executive		
112. Perform a cost/benefit analysis as part of every corridor study.	Executive		
113. Train personnel in planning techniques for all modes of transportation.	Executive		
114. Do not expand the automatic traffic counting system until its reliability improves and an up-to-date cost/benefit study is made.	Executive		

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
115. Transfer all programmers in the three planning bureaus to the Bureau of Management Information Systems.	Executive		
116. Use phototypesetting equipment to prepare reports from computer-generated information.	Executive		
117. Combine the department's truck weighing program with those conducted by state police and local communities.	Executive		
118. Expedite development of the HYBRID road inventory system.	Executive		
119. Ensure that data needed to update the transportation needs study is prepared as part of the airport and urban transit studies to be initiated in the next two years.	Executive		
120. Perform a space allocation study in the three planning bureaus.	Executive		
121. Transfer all cartographic draftsmen to the Reports Division of the Bureau of Transportation Planning Statistics.	Executive		
122. Establish the usefulness of information requested by the federal government before supplying it.	Executive		
123. Cease corridor location and design studies until the current backlog is eliminated.	Executive	Annual Income	\$ 1,000,000

Pennsylvania Turnpike Commission

1. Stop further turnpike financing, retire current indebtedness, and establish the roads as toll free by 1975.	Legislative		
2. Enforce the statute requiring the Department of Transportation to assume responsibility for turnpike maintenance.	Executive	Annual Saving	\$ 1,850,000
3. Determine if there is a conflict of interest when the turnpike's consulting engineers also perform work on the highway system.	Executive		
4. Transfer responsibility for ambulance service from the commission to outside companies assisted by the Pennsylvania State Police.	Executive	Annual Saving Annual Cost	\$ 747,000 \$ 20,000
5. Replace interchange janitors with contract maintenance.	Executive	Annual Saving Annual Cost	\$ 260,000 \$ 48,000
6. Reduce personnel in the Bureau of Fare Collection by centralizing supervision in the headquarters office.	Executive	Annual Saving	\$ 344,000

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
7. Reduce the number of people involved in transmitting toll revenues to the bank.	Executive	Annual Saving	\$ 138,000
8. Eliminate 12 vacancies in the central office.	Executive	Annual Saving	\$ 109,000
9. Terminate the agreement for financial services to be rendered to the commission.	Executive	Annual Saving	\$ 24,000
10. Reduce field audit personnel.	Executive	Annual Saving	\$ 44,400
11. Eliminate the position of budget director.	Executive	Annual Saving	\$ 15,400
12. Eliminate the Right of Way Unit.	Executive	Annual Saving	\$ 45,600
13. Vacate prime office space now used for files.	Executive	Annual Saving	\$ 12,000
14. Reduce the purchasing staff.	Executive	Annual Saving	\$ 42,600
15. Maintain imprest balances equal to five days' deposits at each depository.	Executive	Annual Income	\$ 20,200
16. Open a lock box with the trustee bank and deliver all remittances from credit tolls through the box.	Executive	Annual Income	\$ 22,500

Department of Health

1. Institute a work measurement program covering all clerical and secretarial personnel in the Department of Health.	Executive	Annual Saving (State)	\$ 447,000
		Annual Saving (Federal)	\$ 111,000
		One-time Cost	\$ 12,000

Bureau of Field Services

2. Document regional responsibilities and authority and establish budgeting and performance standards.	Executive	Annual Saving (State)	\$ 616,000
		Annual Saving (Federal)	\$ 924,000
3. Change the procurement practices in the regional offices to permit increased flexibility.	Executive		
4. Eliminate the Office of Deputy Director for Local Health and the Bureau of Field Services headquarters section.	Executive	Annual Saving (State)	\$ 54,000
		Annual Saving (Federal)	\$ 159,000

Bureau of Educational Activities

5. Reduce the number, frequency, and distribution of periodicals, pamphlets, and other services provided by the Division of Public Health Education.	Executive	Annual Saving	\$ 136,000
6. Eliminate the position of nutritionist in the six Department of Health regional offices.	Executive	Annual Saving	\$ 74,800
7. Reduce the number of full-time students supported by the Division of Professional Education.	Executive	Annual Saving	\$ 40,000

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
8. Reduce and transfer the library and film library functions of the Division of Public Health Education.	Executive		
Bureau of Administration			
9. Establish a separate post office box for the Division of Vital Statistics.	Executive	Annual Saving	\$ 10,000
10. Eliminate the Division of Data Processing.	Executive	Annual Saving	\$ 648,000
		Annual Cost	\$ 239,000
11. Refile old records in a manner consistent with the current procedure.	Executive	Annual Saving	\$ 100,000
		One-time Cost	\$ 25,000
Bureau of Special Health Services			
12. Reduce clerical staff in the central office to a ratio of one clerk to each two technical people.	Executive		
Bureau of Planning, Evaluation, and Research			
13. Institute short-term and long-range planning techniques to increase the effectiveness of health program implementation.	Executive		
Bureau of Nursing Programs and Resources			
14. Transfer administrative and supervisory responsibility for field nurses to the Bureau of Field Services.	Executive		
Division of Drug Control			
15. Lower the minimum employment age for drug investigators.	Executive		
16. Revise license fees for drug and narcotics manufacturers, wholesalers, and retailers and enforce licensing of retailers.	Legislative	Annual Income	\$ 1,490,000
17. Eliminate the state reports on clinical drug studies.	Legislative	Annual Saving	\$ 67,000
Department of Public Welfare			
1. Require an economic evaluation of new federal health and welfare grants to determine the annual cost of participation.	Executive		
2. Provide integrated planning to develop uniform policies, procedures, and systems to facilitate the delivery of income maintenance, medical assistance, and other social services.	Executive		
3. Investigate locally developed computer systems for general applications.	Executive		

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
4. Clarify policies and procedures.	Executive		
5. Transfer a reduced staff of the Office of Planning and Research to the proposed Deputy for Social and Medical Programs and elevate the Division of Quality Control to bureau level under the Office of Income Maintenance.	Executive	Annual Saving	\$ 98,800
6. Designate 5% of new program appropriations for use in an evaluation of the activity after six months of operation.	Executive		
7. Establish a planning coordination function.	Executive		
Deputy Secretary for Management			
8. Consolidate the functions of the Office of Resource Management into the Office of the Deputy Secretary for Management.	Executive		
9. Open lines of communication between this office and the County Boards of Assistance.	Executive		
10. Redefine job titles and descriptions for classifications which exist only in the Department of Public Welfare.	Executive		
Office of Family Services			
11. Combine the Bureaus of Special Services, Family and Child Welfare, and Children's Institutions into a Bureau of Children's Services.	Executive	Annual Saving	\$ 42,700
12. Change the name of the Bureau of Visually and Physically Handicapped to the Bureau of Visually Handicapped.	Executive		
13. Terminate the professional education program administered by the office's Bureau of Staff Development.	Legislative	Annual Saving (State)	\$ 1,130,000
		Annual Saving (Federal)	\$ 1,130,000
14. Eliminate the Bureau of Staff Development and transfer its training functions to the Office of Personnel Management.	Executive	Annual Saving	\$ 29,500
15. Develop department guidelines for reasonable expense allowances within the work incentive formula.	Executive	Annual Saving (State)	\$ 2,530,000
		Annual Saving (Federal)	\$ 3,100,000
Office of Medical Services and Facilities			
16. Require licensing of all hospitals and nursing homes and establish an equitable fee schedule.	Legislative	Annual Income	\$ 402,000
Deputy Secretary for Mental Health and Mental Retardation			
17. Abolish the vacant position in the Office of Resource Management.	Executive	Annual Saving	\$ 5,600

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
18. Relocate certain administrative positions in the Office of Resource Management to the staff of the Deputy Secretary for Mental Health and Mental Retardation.	Executive		
19. Eliminate the Division of Standards and Licensing and relocate the Institutional Standards representative.	Executive	Annual Saving	\$ 47,100
20. Eliminate the Divisions of Administrative Facilities and Fiscal Management.	Executive	Annual Saving	\$ 126,000
21. Eliminate the remaining staff in the Office of Resource Management.	Executive	Annual Saving	\$ 57,300

Deputy Secretary for Field Operations

22. Change County Boards of Assistance to advisory rather than administrative units.	Legislative		
23. Establish uniform standards and procedures for county offices in regard to the administration and disbursement of public assistance grants.	Executive		
24. Establish a formal system for evaluating county office performance.	Executive		
25. Standardize the steps for reporting and verifying lost or stolen checks.	Executive		
26. Eliminate duplications which now exist in regional office organizations.	Executive		
27. Abolish the Office of the Deputy Secretary of Field Operations.	Executive	Annual Saving	\$ 109,000
28. Eliminate the building construction engineers employed by five of the regions.	Executive	Annual Saving	\$ 95,300
29. Eliminate the regional field auditors.	Executive	Annual Saving	\$ 96,500
30. Require administrators of mental institutions, state schools, and restoration centers to report to the Deputy Secretary for Mental Health and Mental Retardation.	Executive		
31. Establish a Bureau of Inspection and Licensing under the Office of Mental Health.	Executive		
32. Conduct an attitude survey in the regional offices.	Executive		
33. Combine six regions into four.	Executive	Annual Saving	\$ 11,900
34. Arrange for smaller quarters to house reduced staffs in two regions.	Executive	Annual Saving	\$ 23,000
35. Reduce the number of job titles in the regional office organization.	Executive		

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
36. Transfer licensing and approval activities performed by regional personnel to the Department of Health.	Executive		
37. Reduce the staffs at Philadelphia and Pittsburgh and make space available to other departments.	Executive	Annual Saving (State)	\$ 324,000
		Annual Saving (Federal)	\$ 324,000
38. Provide effective training for all categories of personnel with generalist programs for administrative staff.	Executive	One-time Cost	\$ 18,600
39. Screen public assistance applicants promptly for employability.	Executive		
40. Delegate authority to the lowest practical level in the organization.	Executive		
41. Evaluate the concept of separation of services.	Executive		

Mental Health and Mental Retardation Institutions

42. Establish a moratorium on capital outlays for institutional buildings, equipment, and major repairs to present facilities.	Executive	Annual Income One-time Saving	\$ 1,050,000 \$ 21,000,000
43. Forbid further construction, additions, and extensive improvements to homes and apartments located on hospital grounds.	Executive	Annual Saving	\$ 850,000
44. Establish proper staffing patterns, effective cost controls, and long-range objectives to reduce costs and provide a proper level of patient service.	Executive	Annual Saving (State) Annual Saving (Federal)	\$ 9,800,000 \$ 4,000,000
45. Phase out farming at MH/MR institutions and study alternate uses of the available land.	Executive		
46. Investigate the need for research personnel at MH/MR institutions.	Executive		
47. Transfer patients from three buildings at the Harrisburg State Hospital to the other 11 and rent the surplus facilities.	Executive	Annual Saving (State) Annual Saving (Federal) Annual Income	\$ 1,150,000 \$ 494,000 \$ 513,000
48. Close the Dixmont, Emeryville, Retreat, and Somerset Hospitals.	Executive	Annual Saving (State) Annual Saving (Federal) Annual Cost (State) Annual Cost (Federal)	\$ 13,000,000 \$ 6,000,000 \$ 2,400,000 \$ 1,000,000
49. Develop a utilization plan which will improve hospital occupancy levels.	Executive	Annual Saving (State) Annual Saving (Federal)	\$ 7,030,000 \$ 3,020,000

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
50. Determine the value of work therapy for patients of various categories in order to develop a uniform policy regarding patient labor.	Executive		
<u>General Hospitals</u>			
51. Halt capital investment and improvement programs involving general hospitals and dispose of them by lease or sale.	Executive	Annual Saving One-time Saving	\$ 2,070,000 \$ 11,500,000
52. Reduce the staff of the Deputy Secretary for Management by 50 people.	Executive	Annual Saving	\$ 550,000
<u>Other Institutions</u>			
53. Provide a new bus for the Raccoon Creek Forestry Camp #1.	Executive	One-time Cost	\$ 12,000
54. Transfer the radio station at Wernersville to a Youth Development Center.	Executive		
<u>Public Assistance</u>			
55. Institute a pre- and post-admission review process for in-patient hospital recipients of medical assistance to reduce unnecessary admissions or stays.	Executive	Annual Saving (State)	\$105,000,000
		Annual Saving (Federal)	\$ 82,500,000
		Annual Cost	\$ 200,000
		One-time Cost	\$ 50,000
56. Contract for automated claims processing and utilization reviews of medical assistance vendor claims.	Executive	Annual Saving	\$ 15,400,000
		Annual Cost	\$ 3,800,000
57. Automate the index files of public assistance recipients for Region one.	Executive	Annual Saving (State)	\$ 999,000
		Annual Saving (Federal)	\$ 946,000
		One-time Cost (State)	\$ 430,000
		One-time Cost (Federal)	\$ 447,000
58. Design a computer system to determine eligibility, calculate grant amounts, and prepare data for other EDP systems.	Executive	Annual Saving (State)	\$ 2,980,000
		Annual Saving (Federal)	\$ 3,100,000
		One-time Cost	\$ 1,500,000
59. Provide County Boards of Assistance with adequate space, necessary office equipment, and competent personnel.	Executive		
60. Initiate a study to convert public assistance cash grants to a flat rate system based on equivalent gross income.	Executive		

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
61. Verify eligibility thoroughly and as often as mandated.	Executive	Annual Saving	\$ 9,070,000
62. Develop a payment system which will be responsive to the needs of clients, counties, the Treasury Department, and the Auditor General.	Executive		

Data Processing

1. Realign the functions of the Bureau of Systems Analysis and the Bureau of Management Information Systems.	Executive		
2. Take a physical inventory of computers, peripheral, and unit-record equipment to develop costs and related personnel and supply expenditures for data processing operations.	Executive		
3. Develop standard job costing for centrally processed work.	Executive		
4. Perform an annual management review and audit of all state data processing units.	Executive	Annual Cost	\$ 110,000
5. Establish an EDP managers committee.	Executive		
6. Evaluate the data processing personnel policy and classification system.	Executive		
7. Select and enforce procedures and documentation standards for systems design, programming, and operation.	Executive		
8. Develop an EDP systems/applications inventory and a mechanism for exchanging information among state and local agencies.	Executive		
9. Revise and implement PIMISS within the framework of more realistic planning.	Executive		
10. Establish an internal training and education program.	Executive	Annual Cost	\$ 54,200
11. Expand all data reduction and input control activities to multi-shift operations.	Executive	Annual Saving	\$ 500,000
12. Install a record protection system.	Executive	One-time Cost	\$ 40,000
13. Evaluate the level of effort needed to redesign the central payroll system.	Executive		
14. Evaluate the level of effort needed to redesign the central personnel system.	Executive		
15. Merge the payroll and personnel files to provide one employee data base.	Executive		
16. Compare lease versus purchase agreements for all commonwealth EDP equipment.	Executive	Annual Saving	\$ 1,000,000

Personnel and Organization

1. Create an effective Bureau of Labor Relations.	Executive		
2. Extend civil service coverage to all positions below the policymaking level.	Legislative		
3. Delegate the responsibility for classifying positions, salary determinations, approval of training, and similar actions to agency bureaus.	Executive	Annual Saving	\$ 550,000
4. Replace the executive inventory system with a manpower inventory system.	Executive		
5. Establish a Personnel Records Division to maintain all hard copy personnel action forms.	Executive		
6. Study the feasibility of establishing field personnel offices in those areas large enough to justify them.	Executive		
7. Replace the Governor's Personnel Secretary with a special assistant.	Executive	Annual Saving	\$ 62,100
8. Consolidate statewide personnel functions in a new Commonwealth Personnel Department.	Executive		
9. Institute an open range merit compensation plan for "at risk" employees.	Executive		
10. Restructure the system for subsidized education for commonwealth employees within government offices, agencies, and departments including state schools.	Executive		

Communications

1. Establish a telecommunications organization of bureau level to provide centralized management and integration of communications' activities.	Executive	Annual Saving Annual Cost	\$ 598,000 \$ 233,000
2. Study the effect of providing WATS for off-network calls at Pittsburgh and Harrisburg.	Executive		
3. Compare the present full-time WATS lines to an appropriate number of full-time and measured WATS lines to determine the proper ratio.	Executive		
4. Replace some or all of the Off-Network Access Lines (ONAL) with WATS service and design the off-network layout to incorporate route selection and advance.	Executive		
5. Install an appropriate number and variety of interstate WATS lines at Harrisburg to enable agencies to complete out-of-state calls.	Executive		

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
6. Schedule conference calls during non-busy hours whenever possible.	Executive		
7. Acquire the sample tapes of PA-NET calls and analyze the information to provide traffic engineering, network configuration, cost allocation, and control of abuses.	Executive		
8. Study PA-NET to determine the savings if full off-network call capability were provided to all users.	Executive		
9. Balance the network more frequently to avoid call blockages and remove surplus circuitry.	Executive		
10. Determine expenses involved in present methods used to control telephone use and allocate costs to user agencies.	Executive		
11. Establish a data switching network for major on-line data communications systems.	Executive		
12. Study the economic and operating necessity of the proposed expansion of the Pennsylvania Turnpike Commission Microwave System.	Executive		
13. Centralize equipment approval authority in the proposed Bureau of Telecommunications.	Executive	Annual Saving	\$ 140,000
14. Centralize radio frequency management in the proposed Bureau of Telecommunications.	Executive		

Motor Vehicle Management

1. Combine the motor vehicle fleets of the Departments of Transportation and Property and Supplies under one administrator in Property and Supplies.	Legislative	Annual Saving	\$ 4,500,000
2. Expedite implementation of a revolving fund for replacement of passenger cars.	Legislative	Annual Saving	\$ 6,000
3. Enlarge the automotive revolving fund to include all vehicles in the Departments of Transportation and Property and Supplies, collecting all automotive costs into the fund.	Legislative	Annual Saving	\$ 455,000
4. Reduce employee lost time in arranging vehicle maintenance by using state-owned rather than commercial garages.	Executive		
5. Revise car specifications to include those of intermediate and compact size.	Executive	Annual Saving	\$ 302,000
6. Cancel plans for a new Automotive Bureau office and shop.	Executive	One-time Saving	\$ 500,000
7. Enforce safety regulations.	Executive		

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
8. Limit air conditioning as a standard specification to state police cruisers and other vehicles in constant daily use.	Executive	Annual Saving	\$ 587,000
9. Encourage the use of personal cars with mileage allowances to replace state vehicles.	Executive	Annual Saving One-time Income	\$ 150,000 \$ 250,000
10. Use prominent markings to identify passenger cars as state-owned vehicles.	Executive	Annual Saving Annual Cost	\$ 105,000 \$ 20,000
11. Conduct a continuing campaign for vehicle safety and accident prevention.	Executive	Annual Saving Annual Cost	\$ 480,000 \$ 30,000
12. Develop a statewide system of standardized motor vehicle records to provide timely data.	Executive		
13. Reduce turnover of technically trained and experienced personnel with each change of administration.	Executive	Annual Saving	\$ 126,000
14. Employ five additional field inspectors in the Automotive Bureau.	Executive	Annual Cost	\$ 44,500
15. Eliminate the central engine overhaul operation.	Executive	Annual Saving	\$ 72,000

Capital Asset Control

1. Install and maintain an asset accounting system based on the comprehensive guidelines issued by the National Committee on Governmental Accounting.	Executive	Annual Income Annual Cost (State) Annual Cost (Federal) One-time Cost	\$ 9,500,000 \$ 200,000 \$ 9,500,000 \$ 2,000,000
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Real Estate

1. Assign one agency the responsibility for acquisition, lease, and disposal of state-owned real estate, except for property used for highway rights of way.	Executive/ Legislative	Annual Saving Annual Cost	\$ 125,000 \$ 100,000
2. Establish and maintain a master land use plan.	Executive		

Public Information

1. Fill three vacancies in the Press Secretary's Office on the Governor's staff.	Executive	Annual Cost	\$ 38,400
2. Establish a standard budget for all department, agency, and commission public information operations.	Executive		
3. Establish a central public information support function within the Office of Administration, but reporting to the Press Secretary's Office.	Executive	Annual Saving	\$ 33,900
4. Establish a statewide Bureau of Public Information in the Office of Administration.	Executive	Annual Saving One-time Cost	\$ 208,000 \$ 1,700

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
5. Establish a Bureau of Advertising to coordinate commonwealth advertising programs.	Executive		
6. Develop a statewide public information policy and plan.	Executive		

Purchasing

1. Reduce the inventory in state agencies to two months' supply on items covered by statewide contracts.	Executive	Annual Income One-time Saving	\$ 650,000 \$ 13,000,000
2. Require that suppliers also quote on the basis of F.O.B. origin, naming the origin point.	Executive	Annual Saving	\$ 120,000
3. Submit purchase orders to individual paper suppliers in groups totaling truck load lots.	Executive	Annual Saving	\$ 42,000
4. Establish a statewide materials management operation.	Executive		

Financial Planning and Control

1. Reorganize the financial administration functions to establish an Office of Finance and Budgeting reporting to the Governor.	Legislative		
2. Establish a Federal Accounting Office in the Office of Finance and Budget with additional specialists in the comptrollers' departments of agencies with substantial federal funding.	Executive		
3. Restructure the Program Planning and Budgetary System.	Executive		
4. Revise the accounting system in accordance with recommendations of the National Committee on Governmental Accounting (NCGA) and improve the centralized accounting system reports.	Executive	Annual Saving	\$ 196,000
5. Change timing of the payroll and establish a single payday.	Executive	Annual Saving	\$ 863,000

Records Management

1. Institute a statewide forms management program and establish an auditing team to ensure agency compliance with guidelines.	Executive	Annual Saving Annual Cost	\$ 1,000,000 \$ 25,000
2. Require each agency to review and update its record retention schedules.	Executive		
3. Commission a task force to develop a comprehensive State Records Act and to investigate the feasibility of establishing a central micro-film service.	Executive/ Legislative		

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
4. Reassign the responsibility of assisting local governments with records management program development to the Department of Community Affairs.	Executive		
5. Transfer the Bureau of Land Records from the Department of Community Affairs to the closely related Pennsylvania Historical and Museum Commission.	Legislative		

Space Utilization

1. Require the Office of Administration in the Governor's Office to establish a statewide space management program.	Executive		
2. Develop and maintain a long-range plan to meet space needs in the commonwealth.	Executive	Annual Cost	\$ 30,000
3. Evaluate the cost of occupancy before constructing or leasing office or building space.	Executive	Annual Saving	\$ 150,000
4. Establish landlord/tenant relationships between the Department of Property and Supplies and the various agencies occupying state building space.	Executive		

Building Construction

1. Create a Department of Building Construction to consolidate activities in this area.	Legislative	Annual Saving	\$ 14,100,000
2. Install a project management concept in design and construction activities.	Executive	Annual Saving Annual Cost	\$ 10,600,000 \$ 472,000
3. Give the General State Authority the option of awarding prime construction contracts when warranted.	Legislative		
4. Delegate resident inspections to contracted architectural/engineering firms and reduce the state inspection forces.	Executive	Annual Saving Annual Cost	\$ 5,170,000 \$ 2,850,000
5. Require a department recommendation for or against a capital expenditure as part of the legislative information packet.	Legislative		

Licensing

1. Adjust schedules for non-motor vehicle license fees to cover costs of issuance and enforcement.	Executive	Annual Income	\$ 3,600,000
2. Charge reasonable fees for professional and commercial licenses, certificates, and permits presently issued free of charge.	Executive	Annual Income	\$ 625,000

RECOMMENDATIONS	ACTION REQUIRED	SAVINGS, INCOME OR COST	ESTIMATED AMOUNT
3. Consolidate licensing and enforcement activities in the larger divisions and bureaus.	Executive	Annual Saving	\$ 262,000
4. Conduct a cost/benefit analysis of the proposed licensing data system being considered by the Commissioner of Professional and Occupational Affairs.	Executive		
5. Improve the efficiency of the Office of the Commissioner of Professional and Occupational Affairs.	Executive		

Printing and Duplicating

1. Create and establish a Bureau of Printing and Duplicating.	Executive	Annual Saving	\$ 1,260,000
		One-time Cost	\$ 49,300
2. Establish a uniform, simplified procedure for procurement of commercial printing.	Executive		

Mail and Messenger Service

1. Establish a position of Director of Commonwealth Mail Services to coordinate agency mail and messenger services and facilities.	Executive	Annual Saving	\$ 222,000
		Annual Cost	\$ 43,000

SECTION VIII

Sponsoring Organizations

The Governor's Review of Government Management – 1972



Sponsoring Organizations

Acme Markets, Inc.
Air Products & Chemicals, Inc.
Alan Wood Steel Company
Alcoa Foundation
Allegheny Ludlum Industries, Inc.
Aluminum Company of America
American Bank and Trust Co. of Pa. (Reading)
American Can Company
American Electronics Laboratories, Inc.
American Home Foods, Inc.
American Olean Tile Company
American Sterilizer Company
AMF Incorporated
Appollo Trust Company
ARA Services, Inc.
Armstrong Cork Company
The Athens National Bank
AtlanticRichfield Company
Auerbach Associates
Babcock & Wilcox Company
The Bell Telephone Company of Pennsylvania
Bethlehem Fabricators, Inc.
Bethlehem Steel Corporation
The Binswanger/Herman Company
Bloomsburg Bank-Columbia Trust Company
Brockway Glass Company, Inc.
The Budd Company
Burroughs Corporation
Capital Blue Cross
Caterpillar Tractor Co.
Central Penn National Bank
Cerro Copper & Brass Company
Certain-Teed Products Corporation
Chambersburg Trust Company
Citizens Bank of Freeland
Citizens Bank of Renovo
Colonial Beef Company
Columbia Gas System
The Commonwealth National Bank
Commonwealth Telephone Company
Container Corporation of America
Continental Bank
Copperweld Steel Company
Corning Glass Works
Cumberland County National Bank & Trust Company
Dauphin Deposit Trust Company
The Drovers & Mechanics National Bank of York
DRT Industries, Inc.
Duane, Morris & Heckscher
Duplex Products, Inc.

Duquesne Light Company
Eaton Corporation
Educators Mutual Life Insurance Company
Elco Corporation
Elliott Company
Eriez Manufacturing Company
Ernst & Ernst
The Everett Bank
The Farmers National Bank of Ephrata
Federated Investors, Inc.
The Fidelity Bank
Fidelity Mutual Life Insurance Company
The First Bank and Trust Company
(Machanicsburg)
First Citizens National Bank (Mansfield)
First National Bank at Albion
The First National Bank of Allentown
The First National Bank of Bath
First National Bank of Eastern Pennsylvania
The First National Bank of Montoursville
The First National Bank of Slippery Rock
The First National Bank of Strasburg
The First National Bank (Youngwood)
The First Pennsylvania Banking & Trust Co.
The First Pennsylvania Charitable Foundation
Foote Mineral Company
General Electric Company
General Telephone Company of Pennsylvania
Girard Trust Bank
Globe Security Systems, Inc.
Green's Dairy, Inc.
Gulf Oil Corporation
Habot Steel Company
Hammermill Paper Company
The Hanover National Bank of Wilkes-Barre
HARSCO Corporation
Hershey Estates
Hershey Foods Corp.
Hirsch, Arkin, Pineherst, Inc.
Holiday Inn Towne
Honeywell, Inc.
Hurley-Liebman Company
INA Corporation
Industrial Valley Bank and Trust Company
International Business Machines Corporation
International Equity Corporation
ITT Terryphone Corporation
Joy Manufacturing Company
K-D Manufacturing Company
Kennametal, Inc.

Keystone Carbon Company	Quaker Chemical Corporation
Koppers Company, Inc.	Quaker State Oil Refining Co.
Lease Consultants of Philadelphia, Inc.	Rauch Industrial Woodworking, Inc.
Lebanon Steel Foundry Foundation	Raybestos-Manhattan
Leeds & Northrup Company	Red Lion Industries, Inc.
Lehigh Structural Steel Company	Robertshaw Controls Company
The Levinson Steel Company	Rohm and Haas Company
Lewistown Trust Company	Rorer-Amchem, Inc.
Lord Corporation	The Rust Engineering Company
Lybrand, Ross Bros. & Montgomery	St. Joe Minerals Corporation
Main Lafrentz & Co.	Schick Electric, Inc.
Marine National Bank—Meadville	C. Schmidt & Sons, Inc.
C. H. Masland & Sons	Scott Paper Company
Oscar Mayer & Co.	Sears, Roebuck and Co.
McKeesport National Bank	The Second National Bank of Masontown
Mellon National Bank & Trust Co.	Sheraden Bank
The Merchants National Bank of Allentown	S I Handling Systems, Inc.
Merck and Company, Inc.	Smith, Kline & French Laboratories
Metropolitan Edison Company	Sordoni Enterprises
Mifflinburg Bank and Trust Company	Sperry Rand Corporation
Mine Safety Appliance Company	Sprout, Waldron & Company, Inc.
Monroe Calculator Company	Stackpole Carbon Company
National Biscuit Company	Sun Oil Company
National Forge Foundation	Sun Shipbuilding & Dry Dock Company
The New Jersey Zinc Company	Superior Tube Company
Northern Central Bank and Trust Company	Talon Division, Textron Inc.
Northwest Pennsylvania Bank & Trust Company	Tasty Baking Company
Papercraft Corporation	Teleflex Corporation
Peat, Marwick, Mitchell & Co.	Thiokol Chemical Corp.
The Penn Mutual Life Insurance Company	Topps Chewing Gum Incorporated
The Pennsylvania Bank and Trust Company (Titusville)	Touche Ross & Co.
Pennsylvania Blue Shield	Towers, Perrin, Forster & Crosby, Inc.
Pennsylvania Electric Company	Trimmer Printing, Incorporated
Pennsylvania Power & Light Company	UGI Corporation
Pennwalt Corporation	Union Bank and Trust Company, Erie
The Peoples National Bank (State College)	The United Telephone Company of Pennsylvania
The Peoples National Bank of Shippensburg	United States Steel Corporation
The Peoples Natural Gas Company	Warner Company
Pepperidge Farm, Incorporated	The Watsontown National Bank
Pfizer, Inc.	West Penn Power Company
Philadelphia Electric Company	Western Electric Co.
The Philadelphia National Bank	Western Pennsylvania National Bank
Pincus Brothers-Maxwell	Westinghouse Air Brake Company
Pittsburgh National Bank	Westinghouse Electric Corporation
The Polymer Corporation	Wheeling Pittsburgh Steel Corporation
Portage National Bank	Wise Foods
PPG Industries, Inc.	Wyeth Laboratories
Price Waterhouse & Company	Xerox Corporation
Provident Mutual Life Insurance Company of Philadelphia	Yarway Foundation
Provident National Bank	York Machinery & Supply Company
The Puritan Sportswear Corp.	York Telephone and Telegraph Company
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